RECEIVED
AUG 4 1972
THE LIBRARY
KANSAS STATE UNIVERSITY

Special Issue: Strategy of Realistic Deterrence

DEFENSE REPORT PHOTOGRAPH. These young Americans are representative of the thousands of men and women serving in the U.S. Armed Forces today. Their photograph appears on the cover of the FY-73 Defense Report, which was submitted to the Senate Armed Service Committee on Feb. 15 by Secretary of Defense Melvin R. Laird. The report includes high-priority emphasis on military and civilian personnel programs and on the Human Goals program endorsed by Secretary Laird and the other principal civilian and military leaders of the Department of Defense.
(DoD Photo by PHC Thomas J. Mackesy, USN)

COMMANDERS DIGEST

DEPARTMENT OF DEFENSE • WASHINGTON, D.C.

Vol. 11, No. 27 May 4, 1972

The Defense Report: An Overview

Annual Defense Department Report for FY 1973

Secretary of Defense Melvin R. Laird presented his *Annual Defense Department Report for Fiscal Year 1973* to Congress in February. The document contains extensive discussion of the rationale which underlies the proposed defense expenditures for Fiscal Year 1973. But, the document is more than a sterile examination of budgetary data. It provides extensive insight into the objectives of our National Security Strategy of Realistic Deterrence and the manner in which this strategy interlocks with President Richard Nixon's Strategy for Peace. It provides, in lay terminology, an exploration of the many facets of defense planning which are designed to culminate in effective implementation of our national policies and continued protection of our national interests. In essence, Mr. Laird's Defense Report outlines each substantive element which contributes to the development and subsequent implementation of our national security strategy.

The wide-ranging nature of the discussion in the Defense Report enables one to view the document as a sound basis for:

(Continued On Page 2)

THE FOUNDATION OF A STRATEGY FOR PEACE
THE SECRETARY'S SUMMARY

This 1972 Defense Report is about peace: how to achieve it and how to maintain it.

It will focus on what the Department of Defense has been doing and what more we plan to do to ensure the continued safety and security of our nation.

Our objective—an objective set for us by the President—is a generation of peace and a better quality of life for all Americans. The Nixon Administration has devoted three years of constant effort to moving us toward that objective while maintaining our nation's strength. These have been years of transition:

—From war to peace.

—From a wartime economy to a peacetime economy.

—From a federal budget dominated by defense expenditures to one dominated by human resource programs.

—From an era of confrontation to an era of negotiation.

—From arms competition toward arms limitation.

Obviously, we have not fully reached many of the goals we set for ourselves. But we have made substantial progress. This Defense Report is an accounting to the American people of that progress, of shortcomings and of the challenges and changes ahead.

It is with the hope of securing deeper understanding and broader support of our plan for peace that I submit this Defense Report. It traces the orderly progression of President Nixon's program in terms that I believe all Americans can understand. For our focus is on the future: on a future which recognizes mistakes of the past; a future in which each man hopefully can live at peace with his neighbor and each nation can settle its disputes without resort to war.

In a world where we are striving to prevent war—and the danger of war—the New Modern Army, including a revitalized and strengthened National Guard and Reserve, has never had a more important or more challenging role than now.

The Air Force, with its unique mobility and flexibility, will be second to no other Service, since its capabilities encompass and support the whole spectrum of required U.S. deterrent forces.

And, of course, the Navy—with its combination of air, sea, and land forces, represented by the U.S. Marine Corps—has an equally key role to play in our National Security Strategy of Realistic Deterrence.

Our new strategy provides an unprecedented opportunity for a new order of Service partnership—a partnership that will be as effective in a peacetime Nixon Doctrine deterrent role as it has so often been in war.

This is not a blue-water strategy.

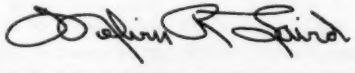
This is not an aerospace strategy.

This is not a ground combat strategy.

It is a strategy that will require the courage to look anew at parochial and outdated roles and missions assignments.

It is a Strategy of Realistic Deterrence.

It is the essential foundation of a Strategy for Peace.



(Editor's Note: Above are brief excerpts from Secretary Lairds' Executive Summary).

Overview

(Continued From Page 1)

—A more thorough understanding of our national security strategy and the character of the forces being designed to underwrite that strategy.

—A more extended public dialogue on the nature and utility of defense expenditures.

—An awareness of the manner in which Mr. Laird has fulfilled his stewardship as Secretary of Defense.

The following article in this special edition of the **Commanders Digest** is a condensation of the the discussion contained in the 203-page Defense Report. This condensation retains the organizational scheme and emphasis of the original document—but, by definition, sacrifices discussion of many important subjects. This condensed version is not intended as a substitute for the original, but merely as a means of exposing a wider audience to the fundamental rationale which underlies our national security strategy, and its key aspects.

As Secretary Laird points out in the Defense Report, "The business of peace is a serious and complex one. It cannot be described in simple terms. It cannot be achieved through simple solutions." By the same token, the *Annual Defense Department Report for FY 1973* is ". . . about peace: how to achieve it and how to maintain it." This prescription is not simple, nor can a 32-page summary of the major considerations leading to this prescription be considered a fully adequate substitute for the original.

COMMANDERS DIGEST

A publication of the Department of Defense intended to provide official information to commanders and key personnel on matters related to Defense policies and interests, and to create better understanding and teamwork within the Department of Defense.

Published weekly by the American Forces Press Service, 1117 N. 19th St., Arlington, Va. 22209, a unified activity of the Office of Information for the Armed Forces, OASD (M&RA). **Reproduction of content is authorized.**

The President's Strategy for Peace

President Richard Nixon, in his January 1969 Inaugural Address, committed this Nation to the pursuit of something we have not known in this century— an enduring peace.

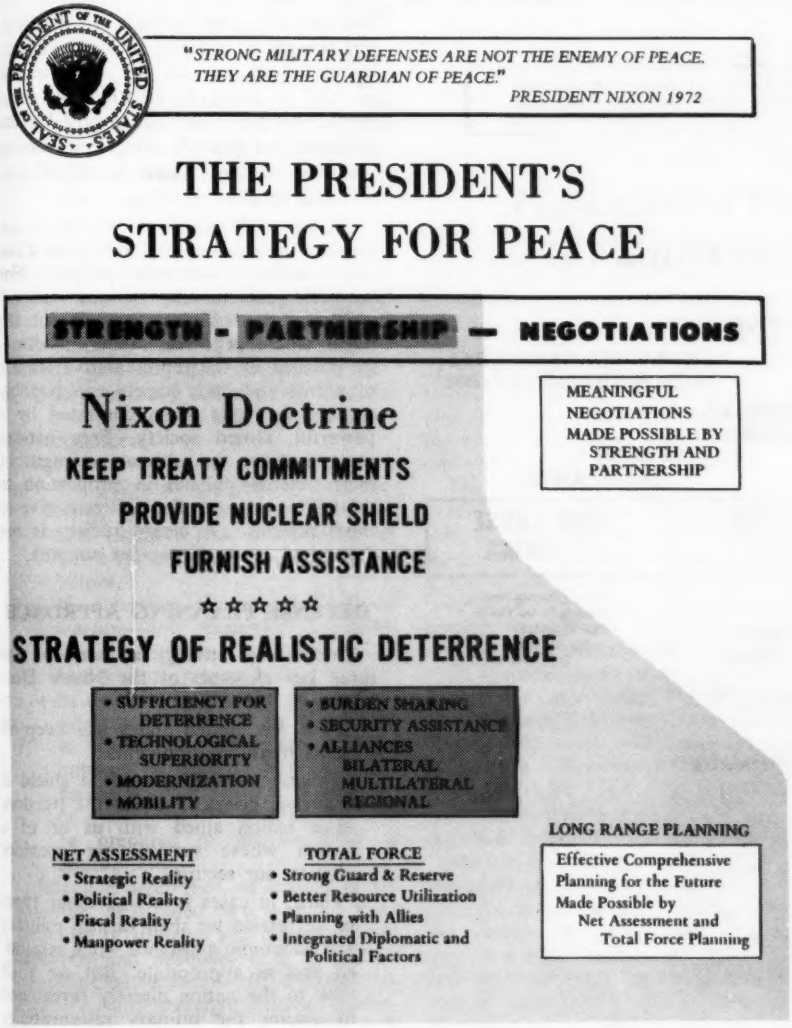
At Guam, six months later, he enunciated the Nixon Doctrine.

In his first Foreign Policy Report to the Congress in early 1970, the President explained in detail his new Strategy for Peace. He insisted that attainment of lasting peace requires a foreign policy guided by three basic principles—strength, partnership, and a willingness to negotiate. The President noted that sustained American strength remains crucial, but related this strength to a new order of partnership under the Nixon Doctrine—a partnership in which:

> *". . . The United States will participate in the defense and development of allies and friends, but that America cannot—and will not—undertake all the defense of the free nations of the world. . . ."*

In my Defense Report to the Congress last year, I described a National Security Strategy of Realistic Deterrence based upon the strength and partnership principles of the President's Strategy for Peace and designed to implement the Nixon Doctrine. Strength and partnership also provide an essential foundation for the third principle, a willingness to negotiate.

The Nixon Doctrine calls for a new approach to security planning. It means changing the allocation of responsibilities among Free World nations, by providing a new emphasis on shared strength. This approach has been incorporated in our National Security Strategy.



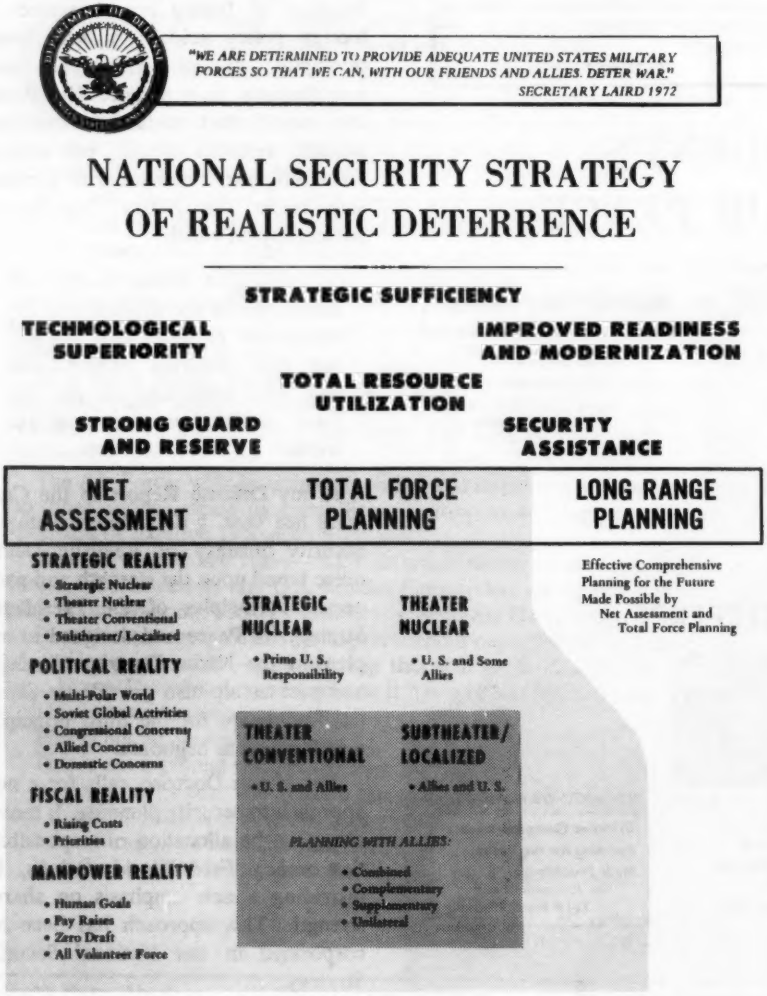
National Security Strategy of Realistic Deterrence

The ultimate goal of the Strategy of Realistic Deterrence is to discourage—and ultimately to eliminate—the use of military force as a means by which one nation seeks to impose its will upon another. Military power in the hands of nations that wish to preserve peace and freedom is an essential part of this strategy, although military power alone cannot achieve the objective. As long as the threat of aggression against the independence and territorial integrity of nations with whom we share common interests exists, our country and our friends and allies must maintain strong military forces to deter conflict. Further, our strategy must provide the defense capability necessary to protect our Nation and its interests should deterrence fail.

The task before us is not easy. Successful implementation of the Strategy of Realistic Deterrence is, I believe, the most difficult and challenging national security effort this country has ever undertaken. This is so because we must move forward in an environment of virtual balance in the strategic nuclear field, and in a period of vigorous Soviet military expansion at sea, on the land, in the air and in space. In addition, we must pursue our goal with due regard for the influences of today's other constraining realities—realities which I will discuss at some length.

Success will require deep understanding and strong support, both from Congress and the American people. For without understanding of our national objectives, and without support for the means we adopt to reach them, no strategy pursued by the representative leaders of a free and open society can possibly succeed for long when contested by a powerful, closed society. Free nations must measure the ultimate strength of their defense policies in proportion to the willing support their citizens give to those policies. A closed society is not dependent on such popular support.

"WE ARE DETERMINED TO PROVIDE ADEQUATE UNITED STATES MILITARY FORCES SO THAT WE CAN, WITH OUR FRIENDS AND ALLIES, DETER WAR."
SECRETARY LAIRD 1972



DEFENSE PLANNING APPROACH

Our defense strategy is based on the three key elements of the Nixon Doctrine:

"First, the United States will keep all of its treaty commitments.

"Second, we shall provide a shield if a nuclear power threatens the freedom of a nation allied with us or of a nation whose survival we consider vital to our security.

"Third, in cases involving other types of aggression we shall furnish military and economic assistance when requested and as appropriate. But we shall look to the nation directly threatened to assume the primary responsibility

of providing the manpower for its defense."

From these elements, and after a thorough review of the situation as it existed at the time this Administration took office, we established the following basic criteria for national security planning for the decade of the 70s:

—Preservation by the United States of an adequate strategic nuclear capability as the cornerstone of the Free World's nuclear deterrent.

—Development and / or continued maintenance of Free World forces that are effective and minimize the likelihood of requiring the employment of strategic nuclear forces should deterrence fail.

—An International Security Assistance Program that will enhance self-defense capabilities throughout the Free World and, when coupled with diplomatic and other actions, will encourage regional cooperation and/or security agreements among our friends and allies.

Last year I reported that these defense planning criteria, which reflect the imperatives of the Nixon Doctrine, would be implemented in harmony with the following four guidelines:

—In deterring *strategic nuclear warfare,* primary reliance will continue to be placed on U.S. strategic deterrent forces.

—In deterring *theater nuclear warfare,* the U.S. a!so has primary responsibility, but certain of our allies are able to share this responsibility by virtue of their own nuclear capabilities.

—In deterring *theater conventional warfare*—for example, a major war in Europe—U.S. and allied forces share responsibility.

—In deterring *subtheater or localized warfare,* the country or ally which is threatened bears the primary burden, particularly for providing manpower, but when U.S. interests or obligations are at stake we must be prepared to provide help as appropriate.

Effective deterrence, of course, is not divisible. It is based on a balanced force structure of strategic and theater nuclear weapons and adequate U.S. and allied conventional defenses. In Europe, for examp'e, our strategic nuclear power, and theater nuclear forces of the U.S. and its allies, and the conventional forces of all the NATO allies combine to insure that realistic deterrence is effective from the lowest level of conventional conflict to the highest level of nuclear conflict. In essence, our view of effective deterrence includes a high degree of reliance upon the total capabilities of all U.S. forces and the forces of our allies—a Total Force Concept.

The Total Force approach, however, involves much more than a mere division of responsibilities or an analytical separation of potential threats into categories of conflict or required forces. The conceptual thrust of Total Force is toward the efficient integration of all relevant Free World resources to provide more security for all of us. Total Force demands a new order of coordination and cooperation in order to permit emp'oyment of the many different resources in concert — resources that in many cases are both scarce and difficult to relate, in any firm analytical sense, to a common objective.

We are making substantial progress in our effort to implement Total Force p'anning, but it does take time to adjust from the deeply imbedded practices of the past to a more flexible and realistic system that will meet the demands of the present and future. These adjustments are being made, both in our own force planning and in planning with our allies and friends. But we face many difficult problems ahead—problems that we intend to meet more and more effectively through a new emphasis on Net Assessment, Total Force and Long-Range Planning.

NET ASSESSMENT

Comparative Analysis of those factors -

MILITARY
TECHNOLOGICAL
POLITICAL
ECONOMIC

which Impede or have a potential to impede our National Security Objective.

with those factors . . .

AVAILABLE OR POTENTIALLY AVAILABLE TO ENHANCE ACCOMPLISHMENT OF THOSE SAME NATIONAL SECURITY OBJECTIVES

NET ASSESSMENT

A successful Strategy of Realistic Deterrence requires a careful and intricate assessment of the various threats to peace, freedom and stability that exist in today's world.

This assessment process enables us to become aware of threats to our security and provides an analytical basis for determining what alternative course of action should be taken to counter a perceived threat. This process demands reliance upon *Net Assessment.* Net Assessment is a comparative analysis of those factors—military, technological, political and economic—which impede or have a potential to impede our national security objectives with those factors available or potentially available to enhance the accomplishment of those objectives. Through this process, we are able to determine how to apply our resources most effectively in order to improve our total capability to accomplish our national security goals.

The four realities which I have dis-

cussed on many occasions in the past three years represent the four major areas we must take into account in any comprehensive Net Assessment related to national security planning. They are the Strategic Reality, the Political Reality, the Fiscal Reality and the Manpower Reality.

THE REALITIES

Strategic

Developments in the Soviet threat have brought the Strategic Reality into sharper focus during the past year. The Soviet buildup is showing even greater momentum than I projected in last year's Defense Report:

—The Y-class ballistic missile submarine force of the Soviet Union could be as large as our Polaris/Poseidon force by the end of next year, rather than in 1974 as I predicted last year.

—The new Soviet supersonic dash bomber, the Backfire, could be operational by the mid-1970s.

—Nearly 100 new intercontinental ballistic missile (ICBM) silo sites have been identified, for new or modified ICBM systems. The possibility of such a new deployment program was mentioned in my Defense Report last year.

—Construction of the Moscow antiballistic missile (ABM) system has resumed, and testing of an improved missile continues.

—Ongoing Soviet naval ship construction programs include production of nuclear-powered torpedo attack and cruise-missile submarines, and at least one large new cruiser, armed with multiple missile systems.

—New Soviet fighter aircraft, especially the high speed Foxbat as well as the Flogger and Fitter B, are entering the inventory.

—Two new Soviet tanks, one a light tank and the other a new main battle tank, are probably in production.

Political

The President in his Foreign Policy Report, and the Secretary of State in his annual Report on U.S. Foreign Policy, discuss in detail the national and international Political Realities that confront the United States.

As Secretary of Defense, I also must take explicit account of both international and domestic Political Realities. From my perspective as a defense planner, these include:

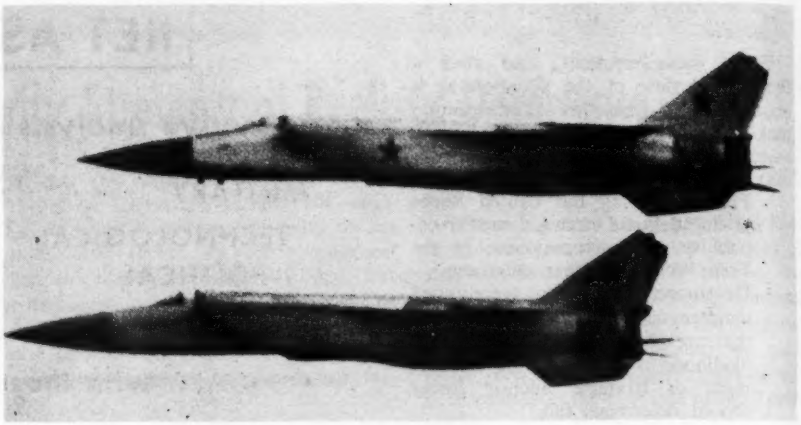
—The political and psychological effects of the growing Soviet military capabilities and presence around the world, such as in the Mediterranean, the Middle East, the Indian Ocean and the Caribbean.

—Allied concerns that we maintain substantial forward deployed U.S. forces.

—Countervailing Congressional concerns to bring about a withdrawal of substantial portions of our forward deployed forces.

—The possible effect that potential agreements to control or reduce arms could have on the need for U.S. military forces.

—The difficulty of maintaining broad domestic public support for those programs necessary to our national security.



Soviet Air Force Foxbat fighter aircraft.

Fiscal

The Fiscal Reality is simply stated: resources are limited, yet there are conflicting demands upon these resources. Urgent domestic problems call for decisions which would allocate a greater share of the Federal Budget to these domestic needs. This reality is apparent from the allocation of resources in this Administration's Federal Budgets. In 1968 the Department of Defense received about 39 per cent of the Federal Budget, in 1973 it will be about 30 per cent. Over the same periods the human resources share of the budget went from some 32 per cent to 45 per cent. While these numbers express one facet of internal fiscal realities, they must also be considered in the context of the factors that impact on the DoD Budget as a result of the changed nature of defense expenses and the inflationary trends within the U.S. economy over the past few years. For example:

—53 per cent of FY 1972 outlays in the DoD Budget were people-related costs, a figure that will rise to 56 per cent in the FY 1973 Budget. By way of contrast, pay and related costs consumed only about 43 per cent of defense spending in FY 1964. During the period from FY 1964 to FY 1973, manpower costs in current dollars rise by $20.8 billion, nearly double the 1964 level, while all other spending rises by about 17 per cent.

—In constant 1970 dollars: the baseline forces in 1964 (prior to buildup for Vietnam) cost $50.6 billion in Budget Authority; the Nixon Doctrine forces, although smaller because of our new Strategy and the Total Force Concept, will cost $79.2 billion in FY 1973. This higher cost in FY 1973 funds a manpower level 326,000 below FY 1964.

Further discussion of the impact of the Fiscal Reality can be found in the final section of this article.

Manpower

The Manpower Reality has become an increasingly important factor in Defense planning, particularly as we move toward

a restructured and revitalized defense force under the Zero Draft Concept. It is not easy to obtain and retain the quality and quantity of needed manpower under voluntary enlistment.

Military manpower in the last few years has become considerably more expensive. The average annual pay for military personnel and civilian employees has been significantly improved in the past few years. Since 1964, military average basic pay rates have more than doubled (125 per cent growth). Average civilian salaries have increased by 70 per cent since 1964.

Among the factors which account for higher manpower costs in U.S. forces are the following:

—The growing demand for highly skilled people.

—The increasing level of technical sophistication of U.S. weaponry which, in turn, requires highly skilled people.

—The continued need for a high state of readiness requires extensive training and calls for a high level of maintenance for our weapon systems.

The collective impact of all these pressures is great. As previously noted, the costs of our personnel will constitute 56 per cent of our budget outlays in FY 1973, compared with 43 per cent in FY 1964. The obvious implication is that we must place greater emphasis in our reduced force on obtaining highly competent individuals, and we must provide those individuals with qualitatively superior equipment.

These four realities must be carefully considered in determining our military requirements and planning our forces to meet these requirements. We need to know the full dimension of the Strategic Reality if we are to respond adequately. In countering the threat, we must consider the Fiscal Reality to optimize our use of scarce resources for defense. Also, we need to take account of the Political Realities, including the feasibility of obtaining legislative approval and public support for our programs.

Finally, the Manpower Reality—in conjunction with the Fiscal Reality—has generated powerful pressures for smaller forces. Given these realities, our forces must have the most modern and effective equipment practicable and must be supported by a vigorous research and development program that can assure our continued ability to counter potential threats.

NET ASSESSMENT

• STRATEGIC REALITY
• POLITICAL REALITY
• FISCAL REALITY
• MANPOWER REALITY

Annual Defense Report

Net Assessment and The Threat

While all four realities must concern the Department of Defense, the Joint Chiefs of Staff and I must be most concerned about the military realities that face us—the threat posed by the military forces of potential opponents; the impact which Military Assistance Programs (MAPs) could have upon the balance of power in specific regions of the world; and the challenge to provide adequate technology in support of our future needs.

It is true that the world is in a period of transition from its former dominance by two superpowers. But it is equally true that, from a military perspective, we must continue to view the Soviet Union as the primary potential threat. The three broad categories of Soviet military forces pose a threat to U.S. and Free World security—strategic nuclear, theater nuclear and theater conventional.

STRATEGIC NUCLEAR THREAT

The Soviet Union

Figures 1 through 4 on the following page give estimates of Soviet strategic offensive strength in terms of numbers of operational ICBM launchers, numbers of submerged launched ballistic missile (SLBM) launchers, numbers of intercontinental bombers, and total number of intercontinental strategic offensive delivery vehicles. Estimates of these various measures are provided for the decade 1962-1972, together with measures of similar U.S. forces.

It is evident that the Soviets have built up their ICBM forces at a rapid rate during the past five years. As of the end of 1971 they had some 1,520 operational launchers, including some deployed in medium range/intermediate range ballistic missile (MR/IRBM) fields.

There has been very little construction activity on the standard SS-9, SS-11 and SS-13 missile sites during the past year and the Soviets may have completed this phase of missile deployment. However, during the course of last year we detected almost 100 new silos that differ from the silos used for currently deployed Soviet ICBMs.

The implications of new silo construction are not yet completely clear, but the Soviets may be preparing to deploy two new or modified ICBM systems.

The Soviets have a substantial nuclear-powered, ballistic missile submarine fleet. The most capable component of this fleet is the Y-class which, like the U.S. Polaris, has 16 tubes for launching missiles. The number of such submarines has grown from four operational units in January 1967 to 25 as of January 1972. At least another 17 Y-class submarines are in various stages of assembly and fitting out, and could bring the operational

force of Y-class submarines to 42 as early as the end of 1973. With a continuation of the current production of 9-10 units per year, the USSR would develop by the mid-1970s an operational force of Y-class submarines considerably larger in numbers than our current Polaris force.

The Soviet Union continues to improve its attack submarine fleet. The introduction of nuclear-powered cruise missile attack classes has added a new dimension to submarine warfare. Additionally, since 1968, several more new submarine classes have been introduced.

The Soviet intercontinental heavy bomber force remains, as it has for the last few years, at around 195 aircraft (including about 50 tankers). A number of these bombers are equipped to carry air-to-surface missiles.

The Soviets have, however, test flown the Backfire, a new supersonic swing-wing bomber, which they could deploy in significant numbers over the next several years.

Although we believe the Soviet medium bomber force of several hundred aircraft is primarily targeted against Eurasia, we cannot ignore the fact that these aircraft do have a one-way mission capability against the United States.

Soviet Strategic Offensive Forces pose an extremely formidable threat to the United States. Our primary method of coping with these forces is deterrence by threat of retaliation. At the same time, we are striving to achieve a limitation or reduction of these forces by negotiation.

As previously indicated, considerable emphasis has been devoted to our Net Assessment Programs. These investigations allow a determination as to how well we are doing in comparison with the Soviet threat. The following comments provide some of the results of those assessments—specifically those which relate to the survivability of U.S. strategic nuclear forces, and our proposed programs for those forces.

Future significant development in Soviet forces for intercontinental attack will probably lie in qualitative improvements in their ballistic missile forces. Of great-

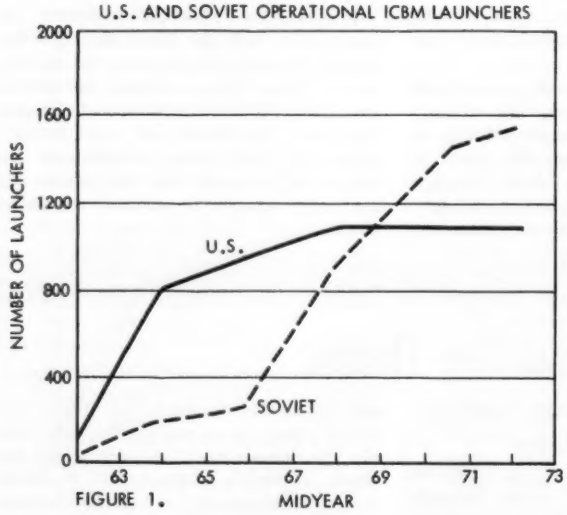


FIGURE 1.

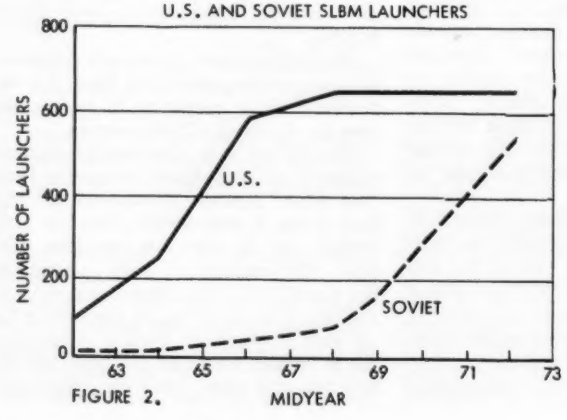


FIGURE 2.

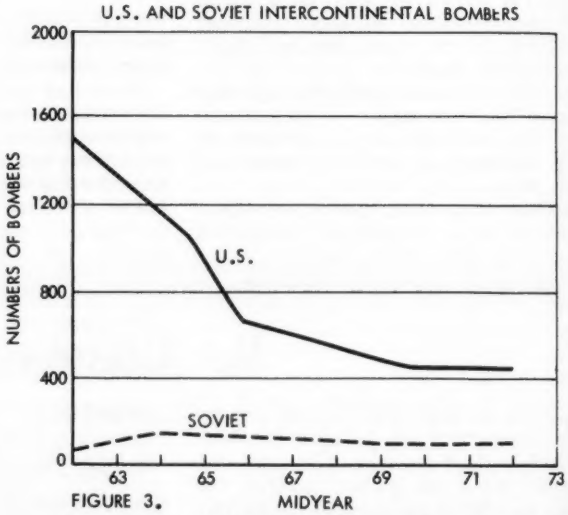


FIGURE 3.

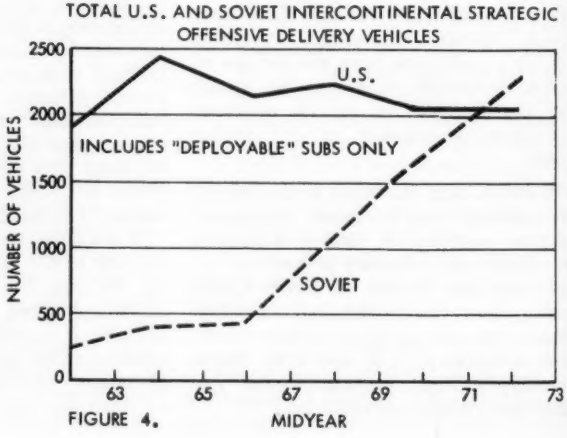


FIGURE 4.

est concern to the pre-launch survivability of U.S. ICBM forces would be the development of a Multiple Independently-Targetable Re-entry Vehicle (MIRV) capability having a high degree of accuracy. Considering the problems involved in predicting the future course of Soviet ICBM developments, the lead time required to understand these developments, and the time needed to devise appropriate countermeasures, we are pursuing several different programs. To counter near-term qualitative improvements on the Soviet ICBM forces, we are improving the existing hardness of the Minuteman launcher and silo components for a relatively small investment. In addition, deployment of Safeguard is continuing, and development of a prototype Hardsite Defense System, which could be deployed in the future to augment Safeguard, is in progress.

The pre-launch survivability of U.S. strategic bombers and tankers is not seriously affected by a Soviet ICBM attack, since sufficient warning permits alert aircraft to escape. At present, the greatest potential threat to the pre-launch survivability of our bombers is the growing force of the Soviet SLBMs. In this case, present tactical warning systems are inadequate. Consequently, a new satellite warning system is under development. In addition, a phased program of interior basing, bomber dispersal, and reduced bomber reaction time is being implemented. The pre-launch survivability of our bomber forces would be much improved by deployment of the B-1 aircraft currently in development.

We have also assessed the survivability of the Fleet Ballistic Missile System. To date, investigations show that the at-sea portion of those strategic forces is highly survivable. Indications are that the Soviets are attempting to establish an area surveillance system, and associated anti-submarine warfare (ASW) strike forces, but as yet they do not have this capability. Today, the U.S. enjoys a substantial, though decreasing, lead in acoustic sensor technology and submarine quietness—two important factors that impact on undersea warfare capabilities. In part to offset the possible development of an effective Soviet area surveillance system and for other reasons, we are developing the Undersea Long-Range Missile System (ULMS). This program, together with aggressive effort in submarine quieting and nuclear-powered ballistic submarine (SSBN) defense, will, we are confident, provide a continued highly survivable sea-based deterrent.

Our assessments indicate that Soviet air defenses have good capabilities against medium and high altitude bombers, but their effectiveness against low altitude penetrators—less than 1,000 feet—is limited. These defenses consist of several thousand radars located throughout the Soviet Union, a force of over 3,000 interceptor aircraft, and the surface-to-air missiles (SAMs).

Low altitude approach is the basic tactic used by U.S. bombers to penetrate Soviet air defenses; but that tactic does not, by itself, insure penetration. The penetration of heavy Soviet defenses requires decoys, electronic counter measures (ECM) and air-to-surface missiles. Should the Soviets continue to improve their air defense systems by deploying an over-land Airborne Warning and Control System, or should they, as now projected, introduce advanced interceptors with an ability to locate, intercept, and fire on low-flying bombers by the mid-to-late 70s, the United States may have to accelerate the Subsonic Cruise Armed Decoy (SCAD) program to insure that our B-52s will remain capable, for the rest of this decade, of reaching their targets.

The Soviets are continuing construction of their ballistic missile defenses around Moscow. These defenses include ballistic missile early warning (BMEW) radars, target acquisition and tracking radars, launch facilities and necessary command and control facilities.

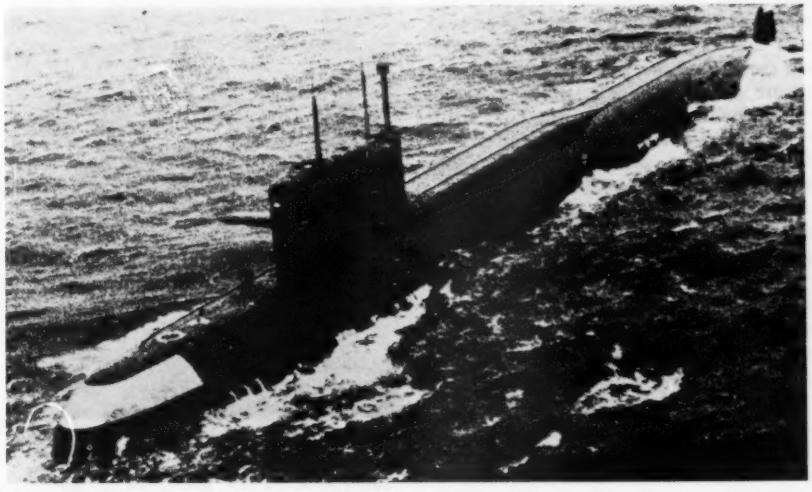
There are four ABM-1 complexes at Moscow which provide 64 missiles on launchers. All four complexes are now operational.

From our assessments, we continue to be confident of the ability of Poseidon and Minuteman III to penetrate all known Soviet ABM defenses.

These assessments of the survivability and penetrability of U.S. strategic forces, of our ability to control those forces should deterrence fail, and the identification and pursuit of programs that can and will maintain our capabilities through the 70s, give me confidence that the United States will continue to have sufficient strategic nuclear forces to deter general war. This conclusion presumes continued improvements in existing forces; and the approval of new programs which should insure that we are not faced with a serious "technological surprise" on the part of the Soviet Union.

People's Republic of China

It is difficult to assess either the strategic nuclear threat posed by the People's Republic of China (PRC) or how that threat will evolve through the 1970s. But this much is clear. The two Chinese space satellite launches during the last year and a half, and the approximately one dozen nuclear tests since 1964, indicate a fairly high degree of sophistication in both missile and warhead development.



Soviet Y-class missile submarine

We have not as yet been able to confirm the initial flight testing of an ICBM, although a reduced-range testing of an ICBM system may already have occurred.

We cannot state with confidence just when China will have an ICBM capable of striking the continental United States, but it is estimated that deployment could not occur before 1975, with some 10-20 missiles being deployed by mid-1976.

The Chinese have no intercontinental heavy bomber force, and do not appear to be developing one. Nor do they have nuclear-powered, ballistic missile submarines or their associated missiles. Given a concerted effort, these systems could not be available until the last half of the decade.

THEATER NUCLEAR THREAT

The Soviet Union

Theater nuclear war is that which involves the use of theater nuclear weapons by or against U.S. forces or our allies, but does not include nuclear attack on the U.S. We seek to deter this type of conflict through the threat of the use of theater nuclear weapons and the capability for escalation of strategic nuclear exchange.

Soviet theater nuclear forces include about 700 ballistic missile launchers (including medium and intermediate range missiles, as well as the SS-11 dual-purpose missile) and about 850 tactical surface-to-surface missile launchers assigned to their ground forces. In addition, their large medium bomber force of about 700 aircraft in long range aviation and 500 aircraft in naval aviation are capable of carrying nuclear weapons, as are approximately 1,100 light bomber and fighter bombers in the tactical air forces. Soviet naval forces, both surface and subsurface, also carry nuclear-capable missiles.

In theater nuclear-capable naval forces, the Soviets have continued a steady buildup in their three western fleets. These forces include their two ASW helicopter ships, as well as other major surface combatants, submarines and small patrol boats and submarine chasers equipped with possible nuclear-capable surface-to-surface and/or surface-to-air guided missiles.

People's Republic of China

At the present time the theater nuclear strike capability of the Peop'e's Republic of China rests primarily in its small but growing fleet of TU-16 Badger medium bombers. These aircraft can operate from numerous airfields in China, and reach targets up to 1,650 nautical miles away without refueling when carrying a normal payload.

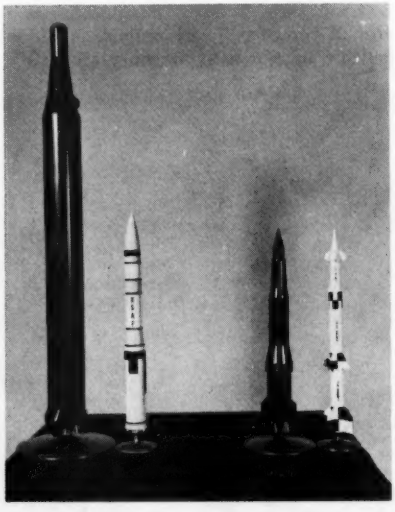
China is now focusing on the development of liquid-fueled ICBM/IRBM systems. Even though we regard Chinese theater nuclear capabilities as primarily deterrence-oriented, the range and warhead yield of the missile force and the expansion of the TU-16 fleet are significant. At present, the Chinese missile threat encompasses most cities and other area-type targets in South and East Asia and a substantial part of the USSR.

CONVENTIONAL THREAT

We have defined theater conventional warfare as that which occurs when the Soviet Union or the PRC are involved in direct conflict with the United States.

As I mentioned earlier ,we would expect all Soviet Union forces to be used should a theater nuclear conflict occur, but in addition Soviet forces are fully capable of taking part in conventional conflicts, as well as in the projection of Soviet presence outside the immediate Eurasian continent.

Over the past year, we have seen Soviet and other Warsaw Pact forces continue to grow in numbers and quality of forces. The Soviets now have about 160 divisions, 60 per cent motorized rifle, 35 per cent tank and 5 per cent airborne. This total includes many divisions deployed along the USSR-Chinese border where a buildup has been underway for the past few years. However, Soviet divisions are appreciably smaller in personnel than their U.S. counterparts at full strength.



These models illustrate the comparative sizes of Soviet and U.S. missiles. Left to right: the Soviet SS-9, the U.S. Minuteman III, the Soviet ABM, and the U.S. Spartan.

Over the past several years, the Soviet Union has continued to build up its forces facing the PRC along the Sino-Soviet border. Despite this buildup, however, the capability of Soviet military forces opposite NATO has not been reduced. It is important to note that all of the Soviet divisions in East Germany, Poland and Czechoslovakia are still being maintained in a high state of readiness.

We believe there will be qualitative improvements in the general purpose land forces of the Warsaw Pact nations over the next decade. It is also likely that a continued buildup will occur in the quality of tactical aviation during the next few years. So far as we can determine, the tactical aircraft force at the beginning of this year consisted of some 4,000 aircraft in combat units with about 1,800 more in training units. Approximately 2,000 aircraft at the present time are assigned to units that do not have a primary ground attack mission.

As I reported last year the Soviets have developed several new aircraft which could replace obsolescent ground attack fighters, light bombers, and aircraft intended to shield ground forces from air attack. These new aircraft reflect a trend towards more versatile aircraft, with subsequent improvement in several mission areas. The variable geometry wing (VGW) Flogger, now entering the inventory, has improvements in loiter time, range, low altitude capabilities and dispersal characteristics over the Fishbed. The Fitter B, a VGW version of the Fitter A offering improvements as a weapons delivery platform, is also now entering service. The Foxbat should be in service in tactical aviation in 1973.

The introduction of these various systems should result in a smaller but more capable force with greater flexibility by the end of the decade.

Since 1958, the Soviets have put into operation in their Navy, eight classes of long-range surface combatants, five classes of submarines and three classes of patrol boats, all of which are missile-equipped. The Soviets have pursued a vigorous cruise missile research and development program which has resulted in the operational deployment of several different air-to-surface and surface-to-surface missiles.

Although the Soviets have made significant advances in their Navy there remain some basic deficiencies and constraints in the use of these forces. The Soviets must contend with a paucity of all-weather ports, a lack of air cover when the fleet operates far from the Soviet homeland and a lack of adequate open-ocean replenishment ships. Consequently, Soviet naval forces have significantly less military capability when operated far from the Soviet homeland.

Nevertheless, our ability to defend against Soviet cruise missile systems, particularly in confined bodies of water, has not kept pace with the growth of the Soviet threat. Thus, we are initiating a number of programs aimed both at modernizing our naval forces and developing adequate means of defending against their cruise missiles.

With regard to lift forces, the Soviets have increased their military air transport capability to include the Cock (AN-22) heavy logistic transport; a few are now operational with transport units.

STRATEGIC REALITY

- STRATEGIC NUCLEAR
- THEATER NUCLEAR
- THEATER CONVENTIONAL
- SUBTHEATER/LOCALIZED
- TECHNOLOGICAL CHALLENGE
- COMMUNIST MILITARY ASSISTANCE

The AN-22 can carry nearly 100,000 pounds of cargo to a radius of 2,800 nautical miles, or 175 troops to a radius of some 5,000 nautical miles. Additional Cub medium transports and Hook heavy helicopters are being added to the force. A new heavy jet transport, Candid, somewhat similar to our C-141, has been developed and could soon be available.

Our assessments indicate that the current force balance in NATO can be maintained and that an effective deterrent does exist. As we move to implement the President's Strategy for Peace, the lessons we have learned in Europe will not be ignored; we intend to support our European allies and maintain the force capability essential to the protection of our national interests.

Our friends and allies in Asia face a threat of a different nature. Not only are the People's Republic of China, North Korea, and North Vietnam capable of launching full-scale conventional attacks against nearby countries, they also foment guerrilla warfare, sabotage, espionage and subversion throughout the area.

The Chinese army of some 2.5 million men is a well-balanced force containing 150 combat divisions. The Air Force (including the Navy air arm) can muster over 3,000 jet fighters and approximately 350 light and medium jet bombers. The offensive strength of the Navy centers on a force of over 40 diesel-powered attack submarines—of which a major portion are medium-range R-class.

Logistic constraints make it unlikely that the Chinese would undertake simultaneous operations on more than one front. We estimate that a multi-front conflict could be carried out successfully only if China's warmaking capacity and lines of communication were to remain undamaged.

SUBTHEATER/LOCALIZED THREATS

Subtheater conventional wars do not involve the United States in direct conflict with either the USSR or the PRC.

POLITICAL REALITY

- MULTI-POLAR WORLD
- SOVIET GLOBAL ACTIVITIES
- CONGRESSIONAL CONCERNS
- ALLIED CONCERNS
- DOMESTIC CONCERNS

They could result, for example, from continued aggression by North Vietnam, renewed aggression by North Korea, or they could involve a conflict in the Middle East between the Arab states and Israel.

Our objective is to shift primary responsibility for deterring or fighting subtheater or localized conflict to our allies and friends. Our help will be primarily in the form of other than ground force elements, but could include force deployments under special circumstances.

The country or ally threatened must increasingly bear the primary burden—particularly the manpower burden—of deterring subtheater or localized warfare.

North Korea and North Vietnam possess strong military forces. Either of them could add substantially to the theater conventional threat posed by Chinese forces, if jointly involved in a conflict. Without Chinese involvement, however, neither nation is capable of posing a theater-level threat in Asia.

The immediate threat to our allies and friends in Indochina results from North Vietnamese aggression and Hanoi-sponsored communist insurgency in the region. At the present time, there are at least 150,000 North Vietnamese/Viet Cong (NVA/VC) personnel in the Republic of Vietnam, more than 60.000 VC/NVA and Khmer Communists (10,-000-15.000 in Cambodia), and at least 120,000 NVA and Pathet Lao in Laos.

The war against the Republic of Vietnam remains North Vietnam's first priority. The major threat derives from enemy capabilities to launch large-scale attacks. Cambodia is likely to be the scene of continued enemy pressure.

The continuing rise in the communist insurgency in Thailand provides a clear example of the ever-present danger of modern revolutionary warfare, in which external communist influence and overt actions in support of internal problems arising from ethnic and social class differences instigate open, armed conflict.

Armed insurgents operate from bases in much of Thailand's border area. The United States policy has been one of helping the Thais develop the ability to help themselves. This they are now learning to do—particularly in the military techniques of aerial resupply, coordination of ground and air forces, and the use of fire support bases to assist maneuvering ground forces. There is also better intelligence, slowly improving police-military relationships, and the use of air-mobility—all without the use of U.S. support troops.

MANPOWER REALITY

- HUMAN GOALS
- PAY RAISES
- ZERO DRAFT
- ALL VOLUNTEER FORCE

Communist Military Assistance

Communist military assistance programs are important instruments of communist foreign and military policies. Thus, they impact directly upon our own security interests and upon the maintenance of international stability.

Since 1955 the Communists have supplied about $26 billion in military aid. The Soviets have supplied more than 85 per cent of this aid, the East Europeans 8 per cent, and the PRC about 7 per cent. Of the total, over $16 billion has been supplied to other Communist governments—most notably those of East Europe, North Vietnam and North Korea. Almost $10 billion has been supplied to the less developed countries, primarily those in the Middle East, and to India and Pakistan.

While Chinese military aid to underdeveloped countries has been scattered, over 90 per cent of Soviet military aid—and practically all of that aid committed in recent years—has been given to countries situated in an arc running from the Eastern Mediterranean, through the Red Sea, to the Arabian Sea. In this arc are countries which either control the strategic Suez waterway, contain the bulk of the Free World's oil reserves, or are adjacent to the southern borders of the USSR.

There are gaps in our information about the purposes and scope of this sizeable communist military assistance effort, and its impact cannot be precisely measured. In many cases, military assistance is supplied to areas of obvious strategic importance to donors—such as Soviet aid to the Warsaw Pact nations or Chinese assistance to North Vietnam—and is clearly security as well as politically oriented. In many other cases, the motives have appeared more specifically supportive of broad policy purposes—such as Soviet aid to Cuba and Chinese programs in Tanzania.

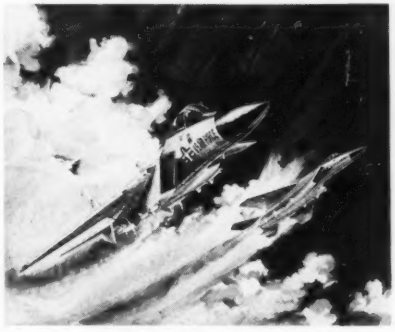
Predominantly, however, communist military assistance programs are selective, and constitute primary components of a campaign for influence and leverage. They provide the Communists with a direct, high impact conduit to the centers of authority in the recipient nations. Such aid has, to a considerable extent, served to increase political leverage and thus to affect the behavior of assisted governments. Furthermore, these programs are often geared specifically to weaken relations between the U.S. and the country concerned. When tactically directed, as it typically is, to particularly nationalistic governments, communist support can contribute substantially to

the weakening or elimination of Western influence in target countries. In the past decade it has, in particular, facilitated an expansion of communist commercial and diplomatic presence in the Middle East, South Asia and North Africa.

The President has called for an end to confrontation and a beginning of cooperation. One element of that change could be the exercise of mutual restraint in Military Assistance Programs. No nation can, in the long run, be served by adding to instability or increasing the risks of violence which could escalate into great power confrontations. Military Assistance Programs should strengthen rather than weaken regional balances and national development; they should respect the needs and national pride of the recipients, rather than make of them pawns in a greater international contest; they should, above all, reflect a genuine intent among major arms suppliers to bring conventional as well as nuclear weapons under control.

Technological Challenge

Forces-in-being and military assistance are only part of the military threat to our Nation's security. The technology behind the capabilities of our potential opponents, particularly the Soviets, is of real concern to us. With the continuing technological effort on their part, we must expect the Soviets will be capable of reducing our technological lead in some areas, and at some point in the future, we could even lag in certain critical areas.



U.S. Air Force F-15 fighter

U.S. Navy F-14 Tomcat

Marine Corps Harrier V/STOL jet

U.S. Army Cheyenne helicopter

In addition to the assessments of Soviet research, development, technology and engineering (RDT&E) which have been conducted, we have examined the Soviet decision-making process for weapons system acquisition, and the relative costs for procuring comparable weapons systems in the U.S. and the Soviet Union. These investigations are continuing and will receive a new emphasis as we expand our Net Assessment capabilities. Preliminary indications are that Soviet industry receives the very highest priority within their economy and that the defense sector is probably the most efficient and productive of any part of the Soviet economic system. In addition, it seems clear that the Soviets are apparently allocating a higher percentage of their defense budget to the high technology area of research and development and space than is the United States.

We cannot guarantee that technological surprises and problems will not develop, but to the extent possible, we are incorporating flexibility in our own development programs to hedge against increased threats or unexpected failures in U.S. systems. We also believe that our technology programs should result in diversified U.S. military systems, so that one adverse event is not likely to impact heavily on the U.S. deterrent posture.

FISCAL REALITY

- RISING COSTS
- PRIORITIES

TOTAL FORCE PLANNING

Budget Highlights

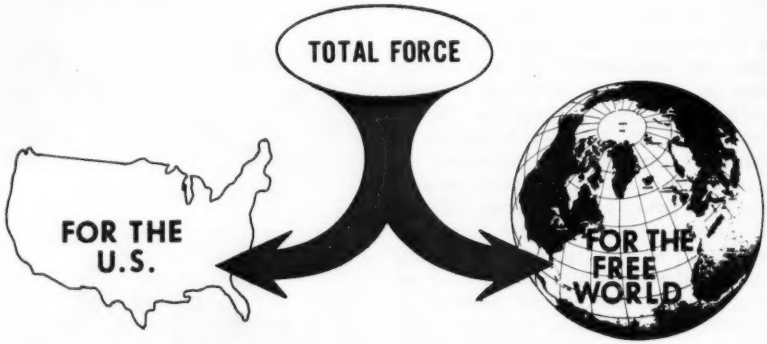
We are maintaining the baseline forces essential to deterrence, while designing the Nixon Doctrine forces needed to implement our strategy. The proposed peacetime force structure is, in my judgment, adequate to fulfill the basic planning requirements which I will discuss presently. However, this judgment is conditioned on effective implementation of the Total Force Concept—both with regard to increasing the capability of our own Reserve and Guard Forces, and with respect to our allies' willingness to continue improving their active and reserve forces.

The following discussion covers many of the specific programs we are recommending in the FY 1973 Budget to preserve baseline capabilities; to provide for readiness, modernization and improvement in needed baseline capabilities; and to create additional options for new forces should future events require them.

In the strategic forces area, major increases in the FY 1973 Budget are proposed for the B-1, the sea-based missile force, Airborne Warning and Control System (AWACS), Safeguard and the Advanced Airborne Command Post (AABNCP). General purpose force funding increases are included for a fourth nuclear-powered aircraft carrier, the Air Force's new F-15 fighter, the Navy's new Patrol Frigate and nuclear attack submarines.

Total military and civilian defense manpower is expected to be 3,394,000 at the end of FY 1973, the lowest level since 1950. This total represents a decrease of 38,000 from FY 1972, and it is 1,440.000 below the Vietnam war peak of FY 1968. Military manpower is down 1,189,000 and civilian manpower

PLANNING CONCEPTS



251,000 from 1968 peaks. Over this same period defense-related employment in industry will also register a decline of about 1.3 million.

The dollar outlays for manpower continue to increase. Pay and related costs have increased from 53 per cent of the budget in FY 1972 to about 56 per cent in FY 1973, compared with 52 per cent in FY 1971 and only 43 per cent in FY 1964. However, budget authority for manpower is roughly constant at 53 per cent for both FY 1972 and FY 1973.

As we proceed towards an All-Volunteer Force and as we seek to make military service more attractive and more rewarding, we can expect upward pressures on manpower costs to continue. We will continue our efforts to bring them into a more realistic balance with our other critical needs. It will not be easy to strike a balance between our equipment needs and our manpower needs. I believe, however, that the FY 1973 Budget will provide the minimum funds needed for both manpower and equipment and will give us the force capability and readiness which are essential for the National Security Strategy of Realistic Deterrence.

Force Planning

Our goal is to deter war. The military means to this goal require maintenance of military forces—sufficient for deterrence and adequate in size and readiness, when combined with the forces of our allies—to defend our vital interests in the event of conflict.

In defense planning, the resources available to meet the requirements of Free World security include both active and reserve components of U.S. forces, the forces of our allies, and the addition-

Undersea Long-range Missile System (artist's concept)

Airborne Warning and Control System (AWACS)

al military capabilities of our allies and friends that can be made available through provision of appropriate security assistance programs.

Four general categories of planning are consistent with our military strategy and the Total Force Concept. These categories of planning facilitate, where appropriate, an orderly progression from heavy reliance on U.S. forces to increasing reliance on indigenous forces. These categories are:

Combined force planning assumes integration of U.S. forces and local forces, and calls for force plans to be developed in close consultation with allies. Examples include NATO, Korea and Vietnam through the completion of Phase I of Vietnamization last year. This planning reflects detailed consideration of all assets available to the various countries in fulfilling necessary requirements for deterrent forces in peacetime and effective combat forces should deterrence fail.

Complementary force planning assumes U.S. obligations of some military nature to help defend a particular country under attack, but generally does not presume pre-positioned, integrated U.S. forces on the ground during peacetime. This planning also is developed in close consultation with friends and allies. Examples include Thailand, Japan and Vietnam until Phase II of Vietnamization is completed. The primary consideration with regard to U.S. forces is the role these forces would play in the event of conflict in augmenting national forces in areas where local capability is low or marginal. Primary reliance should be placed on the use of local manpower and the development of self-sufficient local capabilities against large-scale external aggression, with the United States providing specialized support and necessary assistance designed to augment local forces.

Supplementary force planning reflects a U.S. role in supplementing local capabilities primarily through the provision of appropriate security assistance. This planning emphasizes making available the requisite training, equipment and supplies to improve the deterrent forces of our friends and allies. Examples include Indonesia, Cambodia and certain countries in the Middle East.

Unilateral U.S. force planning reflects U.S. requirements for responding to contingencies where U.S. interests or obligations are at stake. This would involve only U.S. forces in situations where we would not expect active support from others.

TOTAL FORCE PLANNING FOR FREE WORLD—MILITARY

COMBINED	COMPLEMENTARY	SECURITY ASSISTANCE
NATO	THAILAND	MIDDLE EAST
KOREA	JAPAN	SOUTH AMERICA
VIETNAM	TAIWAN	INDONESIA
(1965-1971)	VIETNAM (SHORT-TERM)	CAMBODIA
		VIETNAM (LONG-TERM)

While we are making substantial progress in our efforts to implement these total force planning guidelines, it will take time to complete the adjustment from the rigidities of the past to the realities of the future. These adjustments can and must continue to be made, both in our own force planning and in planning with our allies.

The following discussion highlights some of the programs being recommended to the Congress for the forthcoming year.

STRATEGIC NUCLEAR FORCES

In deterring strategic nuclear warfare, i.e., enemy use of nuclear weapons involving a direct attack on the U.S., primary reliance will continue to be placed on U.S. strategic deterrent forces.

In planning these forces, we have certain objectives derived from the sufficiency criteria. As explained last year these include:

—Maintaining an adequate second-strike capability to deter an all-out surprise attack on our strategic forces.

—Providing no incentive for the Soviet Union to strike the United States first in a crisis.

—Preventing the Soviet Union from gaining the ability to cause considerably greater urban/industrial destruction than the United States could inflict on the Soviets in a nuclear war.

—Defending against damage from small attacks or accidental launches.

I want to note, however, that these criteria are under intensive review in light of the changing strategic conditions, including the momentum of Soviet and Chinese nuclear capabilities, and potential outcomes in the Strategic Arms Limitation Talks (SALT).

As the President has stated, sufficiency includes maintaining forces adequate to prevent our allies, as well as the U.S., from being coerced. Therefore, we also plan our strategic nuclear forces so that they will enhance our theater nuclear capabilities and the nuclear capabilities of our allies to deter attacks on them by strategic or other nuclear forces.

In order to maintain needed flexibility, we design our forces so that we have strategic alternatives available for use depending on the nature or level of provocation. This means capabilities that enable us to carry out an appropriate response without necessarily resorting to mass urban and industrial destruction.

Turning to specifics in our planning, although each element of our strategic offensive forces at the present time possesses a substantial capability in its own right, we plan to maintain a combination of land- and sea-based missiles and manned bombers during the program period. This will enable us to take advantage of the unique capabilities in-

herent in these different systems, to provide a hedge against enemy technological breakthroughs or unforeseen operational failures, either of which might adversely affect our deterrent, and to complicate Soviet and PRC offensive and defensive strategic planning.

In our strategic defensive planning, we are designing our forces in accordance with the objectives already described, especially the deployment of defenses that limit damage from small attacks or accidental launches to a low level.

Our objectives for air defense of the United States include:

—Deterring air attacks by defending strategic retaliatory forces, and key military and urban/industrial targets.

—Defending the National Command Authority.

—Limiting damage from deliberate or unauthorized small air attacks.

—Restricting the unauthorized overflight of U.S. airspace.

Warning against ballistic missile attack on the United States will be based on maintaining a highly reliable warning network with adequate coverage. We seek to minimize the susceptibility of this network to any countermeasures. Furthermore, command and control systems should be secure, reliable, flexible and survivable to insure that strategic forces are immediately responsive to political and military decisions.

In our research and development planning for strategic offensive forces, we are directing our efforts toward vigorous programs emphasizing innovation, flexibility, diversification and survivability rather than, as some believe, the maintenance of a large independent retaliatory capability in each of the current force components. We are examining new concepts for future strategic offensive forces, keyed to an approach that diversifies U.S. programs if additional capabilities are needed in the future.

Our continuing analyses of strategic force effectiveness indicate that planned strategic forces should continue to provide an adequate deterrent for the near term. We have reliable and survivable strategic retaliatory forces today, and their capabilities for retaliation cannot be denied by nuclear attack in the near term.

FY 1973 DEFENSE PROGRAM HIGHLIGHTS

- **Budget authority of $83.4B, up $6.3B over FY 1972 (28.8% of Federal Budget, lowest level in 23 years)**
- **Increase of $1.2B for Strategic Nuclear Forces**
- **Increase of $1.0B for research and development**
- **Increase of over $500M for shipbuilding and conversion (over double FY 66-70 average)**
- **Increase of over $600M for Guard and Reserves**
- **Increase of $1.8B for training, medical and general personnel programs**
- **Increase of $300M for support to other nations**
- **About 56% of budget for manpower and related costs, for manpower strength of about 3.4M military and civilian**

FY 1973 Strategic Forces

No major changes in deployed U.S. strategic retaliatory forces will be evident in FY 1973, although we are continuing to make qualitative improvements in our forces. At the end of that fiscal year, our strategic offensive force levels will continue to include 1,000 Minuteman missiles, 54 Titan missiles, 455 B-52 aircraft (26 squadrons), 72 FB-111 aircraft (four squadrons) and 656 Polaris and Poseidon missiles carried in 41 nuclear submarines. In the strategic defensive forces, we will reduce to 585 manned interceptors and 755 surface-to-air missiles on site, together with associated warning and command and control systems.

With planned modernization, and with a phased Safeguard deployment as appropriate, these strategic force strengths represent our baseline planning forces for the future.

Strategic Retaliatory Force

In the strategic offensive forces area, we continue to move forward with planned improvements to all elements of our deterrent in light of the continuing momentum of the Soviet threat.

Last year I reported that we had made some hard decisions with regard to development of certain strategic force programs, and that we would continue to keep this area under close review. In light of continued developments in the threat, we have decided this year to accelerate development of the Undersea Long Range Missile System (ULMS), as well as moving forward with development of the B-1 bomber.

ULMS

The continuing Soviet strategic offensive force buildup, with its long-term implications, convinced us that we need to undertake a major new strategic initiative. This step must signal to the Soviets and our allies that we have the will and the resources to maintain sufficient strategic forces in the face of a growing Soviet threat. It would be diplomatically and politically unacceptable for the United States to allow the Soviets to achieve a large numerical superiority in both land-based and sea-based strategic missiles. Moreover, there would be an increasing military risk that future technological advances, in conjunction with much larger numbers of Soviet strategic missiles, might offset the qualitative improvements we are planning for our land-based strategic forces.

I have carefully reviewed all alternatives for new strategic initiatives and

have decided that acceleration of the ULMS program is the most appropriate alternative, since the at-sea portion of our sea-based strategic forces has the best long-term prospect for high pre-launch survivability. The Navy assures me that this acceleration will permit deployment of the first ULMS submarine in 1978, at least two to three years earlier than would have been the case in the regular program.

In reaching this decision, we considered a range of alternatives, including further modification to existing submarines and construction of additional submarines using the basic design for the latest Poseidon submarines. We concluded that acceleration of the ULMS development program was the best possible course of action.

A total of $942 million is being requested for the ULMS program in FY 1973.

The B-1 Strategic Bomber

The FY 1973 Budget includes $445 million to continue engineering development of the B-1 intercontinental bomber, intended to replace the aging B-52 fleet. The B-1 is being designed to improve capabilities over the B-52 through faster reaction, increased resistance to nuclear efforts, shorter escape times, longer range, greater payload, higher speeds at both high and low altitudes, reduced infrared signatures, decreased radar cross sections, and greatly increased ECM capabilities. In total, these increased capabilities would enhance pre-launch survivability and penetration capabilities of the manned bomber force for the post-1980 time period.

The B-1 is being developed in such a manner as to minimize concurrency between development and production. In this respect, there will be about one year of flight testing on the prototypes before a production decision is necessary. This approach would permit us to have the B-1 operational in meaningful numbers by the early 1980s.

Other Programs

To improve the capability of the B-52 and FB-111 bomber force to penetrate improved defenses postulated for the latter half of this decade, we are requesting $314 million in FY 1973 to: 1) procure Short Range Attack Missiles (SRAM); and 2) modify 92 B-52 aircraft to carry SRAMs. In addition, we are requesting $49 million to continue development of the Subsonic Cruise Armed Decoy (SCAD) to counter projected improvements in Soviet area air defenses for the late 1970s. Both SRAM and SCAD will be compatible with the B-1.

We are continuing the program to deploy Multiple Independently Targetable Re-entry Vehicles (MIRVs) in our Minuteman and Poseidon missiles. We consider this program essential to preserve the credibility of U.S. deterrent forces when faced with the growing Soviet strategic threat. Should part of our missile force be unexpectedly and severely degraded by Soviet pre-emptive actions, the increased number of warheads provided by the remaining MIRV missiles will insure that we have enough warheads to attack targets in the Soviet Union. At the same time, the MIRV program gives us increased confidence in our ability to penetrate Soviet ABM defenses, even if part of our missile force were destroyed.

Including MIRV, several major programs for the improvement and modernization of our land-based missile force are now underway, with a total funding requested of $837 million. The budget includes $415 million to procure a quantity of Minuteman IIIs, toward a planning objective of 550 missiles. The force modernization program includes upgrading Minuteman silos in order to reduce their vulnerability to nuclear blast and radiation effects. This upgrading program is coordinated with the replacement of Minuteman I by Minuteman III missiles to complete both the silo upgrading and Minuteman III deployment programs efficiently.

In addition, our Safeguard deployments will provide active defense of a part of our ICBM forces, and we are continuing prototype development of Hardsite Defense (HSD) to provide an option to protect our land-based ballistic missiles against threats greater than those with which Safeguard is designed to cope.

Command and Control

The growing threat from Soviet strategic forces makes early improvements to our national command and control system imperative. The most critical need is for a survivable, enduring command post. Our current airborne command and control system is deficient in that it lacks capacity for added communications and data processing equipment. We need to improve the survivability of the system, and to provide the more secure communications needed for control and execution of the forces, the long endurance, the space for sufficient high-level staff to support the National Command Authorities, and the space for the battle staff and equipments which provide the information needed in the critical decision-making process.

To perform the command and control job, a fleet of seven AABNCP aircraft is being requested. We requested $119.8 million in our FY 1972 Supplemental request to purchase the first Boeing 747 aircraft and related electronics. We pro-

B-1 Strategic Bomber (in mock-up stage)

pose to purchase two more aircraft in FY 1973 and one additional aircraft in 1974 to achieve early correction of our deficiencies.

To provide a much-needed improvement in communications, and to strengthen the survivability and flexibility of deployed elements of our strategic forces, we have initiated in FY 1973 a new communications satellite program, Fleetsatcom.

STRATEGIC DEFENSIVE FORCES

Air Defense

At the end of FY 1972 the air defense forces will include a total of 27 squadrons of interceptors and a number of Nike Hercules and Bomarc surface-to-air missile units. In FY 1973, no changes are planned in the total number of interceptor squadrons, but in keeping with our Total Force Concept, Air National Guard Air Defense forces are programmed to assume a greater share of the aerospace defense mission. At the end of FY 1973 they should include 4 squadrons of F-106s, 10 of F-102s, and 6 of F-101s. The other main force changes planned are reductions in Bomarc surface-to-air missiles, and the Back-up Interceptor Control (BUIC) sites.

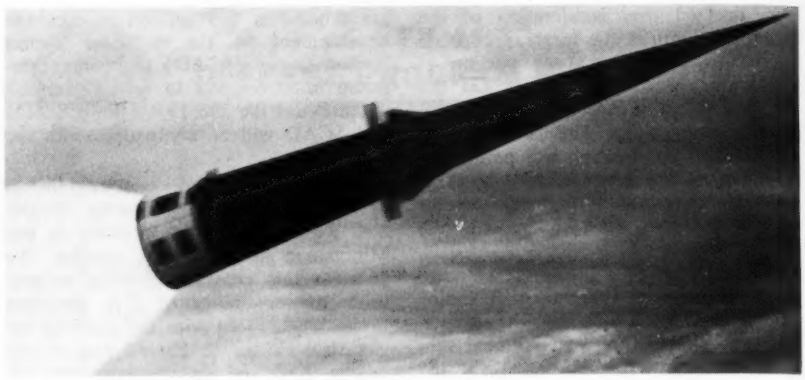
Our air defense systems have not in the past been able to meet all of the objectives assigned to them. Command and control systems have been vulnerable, warning systems have been unable to detect all incoming aircraft using low-level penetration tactics, and our interceptors are too few in number and lack the "look-down, shoot-down" capability required against low-flying bombers.

To fulfill our air defense objectives we propose to continue research and development efforts that will give us the option to deploy an effective, survivable, modernized air defense force. Our FY 1973 Budget includes research and development funds for two key systems: the CONUS Over-the-Horizon radar (OTH-B), and the Airborne Warning and Control System (AWACS). We are also requesting funds to procure three AWACS test aircraft that could later be reconfigured as operational aircraft.

Missile Warning Systems

Early warning of ICBM attack will continue to be provided by the Ballistic Missile Early Warning System (BMEWS) radars and the "forward scatter" Over-the-Horizon (OTH) radar system. At the present time, the 474N system (SLBM detection and radar warning net) which can give only limited warning of an SLBM attack, has been improved with the addition of a long-range radar along the east coast in FY 1972. However, because of the restricted capabilities in these systems, a new satellite early warning system is being designed to meet requirements that BMEWS, OTH and 474N cannot fill. This advanced system will complement our radars in providing early warning of ICBM, SLBM and Fractional Orbital Bombardment System (FOBS) launches. The system will greatly improve the overall capability of our warning network, especially against SLBM launches.

Satellite tracking and identification is now provided by the existing USAF Spacetrack system and the Navy's Space Surveillance (SPASUR) system; both are tied into the North American Air Defense Command and supported by the Space Defense Center for continuous cataloguing of space objects.



Sprint Anti-Ballistic Missile

Ballistic Missile Defense

The Safeguard Anti-Ballistic Missile Defense System has been and continues to be designed to achieve several objectives outlined by the President to counter a combination of Soviet and Chinese threats. They include:

—"Protection of our land-based retaliatory forces against a direct attack by the Soviet Union.

—"Defense of the American people against the kind of nuclear attack which the People's Republic of China is likely to be able to mount within the decade.

—"Protection against the possibility of accidental attacks from any source."

The overall ABM program (including the prototype development of a Hardsite Defense System) is intended to:

—Enhance probabilities for SALT success by maintaining both the flexibility and the strength of the President's negotiating position.

—Provide a level of protection, dependent upon the nature and severity of the attack, for Minuteman and command and control centers in the central United States (Omaha and Colorado Springs) at the earliest possible time, and a base for defense of inland bomber bases with improved area defense components.

—Provide the means of affording added valuable time for decision-making and delegation of authority in the event of an attack on Washington, D.C.

—Provide a continued option for introduction of advanced area defense at a later time, should this become necessary due to threat developments.

—Provide the base for augmenting Safeguard defense of Minuteman sites with Hardsite Defense if threat developments warrant.

With significant qualitative improvements in Soviet ICBMs even without increases in the number of Soviet ICBMs, the postulated threat to Minuteman in the last half of the 1970s could grow to a level beyond the capabilities

of the four site Safeguard defense of Minuteman. Therefore, in FY 1973 a Hardsite program of $80 million in RDT&E funds plus $20 million in construction funds is requested. This would permit initial deployment of the system in the late 1970s.

THEATER NUCLEAR FORCES

In deterring theater nuclear warfare, i.e., enemy use of nuclear weapons without a direct attack on the United States, primary responsibility remains with the United States, but certain of our allies share in this responsibility by virtue of their own nuclear capabilities.

As I noted last year, with the rough equality of U.S. and Soviet strategic force capabilities, we plan to maintain theater nuclear capabilities that contribute to realistic deterrence, while allowing for maximum flexibility of response, should deterrence fail.

We are continuing to evaluate the long-term structure of our nuclear programs. Our current capabilities in theater assets include tactical aircraft, missiles, rockets, field artillery and atomic demolition munitions. Research and development and weapon improvement programs are moving forward in this area, to insure that our weapons have adequate capability and the associated command and control systems to assure a minimum likelihood of accident. These programs will permit the continued sufficiency of our theater nuclear forces as an essential element of our deterrent posture.

CONVENTIONAL FORCES

In deterring theater conventional warware—i.e., a maior non-nuclear war involving the USSR or PRC such as a maior conventional war in Europe—U.S. and allied forces share the responsibility.

Under our Total Force Concept for Force Planning, U.S. general purpose forces include assets applicable to theater nuclear, theater conventional and sub-theater roles.

These forces include the full range of air, sea and ground forces needed to meet our planning goals. The programs that we are recommending this year maintain this full range of capabilities.

National Guard and Reserve forces have a key role to play under the Total Force Concept in implementing the Strategy of Realistic Deterrence. Reserve components will be the initial and primary source of augmentation of the active forces during a contingency. This increased reliance on the Reserves requires much higher readiness than they have had in the past and we are continuing to emphasize the three key elements of combat readiness equipping, manning and training.

The following discussion will focus on many of the modernization programs related to our active conventional forces, together with improvements in the equipping of the Reserve and National Guard forces.

Ground Combat Forces

Our capability to respond directly to any conventional land conflict with a high degree of control rests primarily on the effectiveness of our Ground Forces, both active and reserve. Their visible combat capability and their deployment in areas where we have important security interests contributes substantially to an effective deterrent posture.

The Army and Marine Forces are sized and structured to be able to respond in concert with our allies to a wide spectrum of conflict, ranging from a NATO confrontation with the Warsaw Pact to minor contingencies requiring perhaps only a few brigades or battalions.

The requirements for Army and Marine Forces are determined after consideration of their unique capabilities to satisfy specific requirements under the Total Force Concept. We have concluded that 13 active Army divisions and 3 active Marine divisions are the minimum peacetime "baseline" force necessary to support national objectives during FY 1973. To counter a major conflict such as one involving NATO forces, we would rely heavily upon a ready Reserve Component force of nine more divisions (eight Army, one Marine Corps) to reinforce our active forces.

Our strategy requires that we be able to respond to a wide range of potential conflicts against both "light" and "heavy" forces. We have structured and equipped major elements of our Army force to be primarly capable, together with our NATO allies, of defending against conventional attack in Europe against an enemy heavy in armor. At the same time we realize that conflict against less sophisticated forces would require different force capabilities. Other elements of the Army as well as our Marine Amphibious Forces would provide such capabilities.

Structured in this way, our ground forces provide a necessary flexibility—with a hard-hitting ground and anti-tank capability in certain elements, and with other elements capable of rapid deployment to global trouble spots.

The Army is continuing to improve its overall combat capability as its manpower resources decrease by reducing support forces and where possible trading off support forces for combat forces. The Army is also continuing to seek to improve the capability of its division organization. The Tri-Capability (TRICAP) division was activated in the spring of 1971 as an experimental division combining armored, air cavalry, and airmobile forces. The TRICAP test program is intended to provide information for decisions relative to this form of organization.

In summary, by the end of FY 1972, the active Army force structure will consist of 13 division equivalents in the active forces. All 13 divisions are expected to be manned in FY 1973. The Marine Corps will have three active division/wing teams. The reserve land forces will include eight National Guard Divisions and one Marine Corps Reserve Division, and 21 separate Army Reserve component brigades. Excluding the separate brigades, the above forces combine to form total U.S. General Purpose Land Forces of 25 division equivalents at the end of FY 1972, compared to 25-2/3 at the end of FY 1971.

By the end of FY 1972 we will have completed the planned reduction in major land forces from their peak level for Vietnam operations. Total active manpower will be 841.000 Army and 198,-000 Marines at end-FY 1973, compared with 861.000 and 198.000 respectively, at the end of FY 1972. This will be a reduction of about 838.000 in Army and Marine active manpower from the peak of about 1,877,000 at the end of FY 1968.

Modernization

There are a number of important programs of particular significance to our

U.S. Army TOW Anti-Tank Missile

overall objective of improving ground combat effectiveness.

New Main Battle Tank Program. The Army has initiated a development program with the immediate goal of defining the performance characteristics for a tank capable of meeting its needs for a new Main Battle Tank which is consistent with the guidelines and constraints established by Congress. The program will take maximum advantage of lessons learned and technology developed in the MBT-70 program, as well as knowledge and experience gained from other tank and related programs conducted in recent years.

M60 Tanks. To continue improvements for better performance and longer life of the M60 series tanks, $114 million is included in the FY 1973 Budget.

TOW and Dragon. Deployment of the TOW to Europe began in 1970 and by the end of this year the Army will have all of these forces.

The Dragon is a light-weight, anti-tank system designed to be hand carried by most forward ground combat elements. Like the TOW, it is destined primarily for our European based forces. Funds for the first year's procurement are included in our current request.

Lance. Continued procurement of the Lance missile system is planned for FY 1973 and $95 million is included for this purpose. This system will replace the aging Honest John and Sergeant systems. Lance, with a primary nuclear warhead, and with greater mobility and quicker reaction time, will provide our ground forces in Europe with considerably increased survivable firepower.

Advanced Attack Helicopter. During the past year, the Army has made an extensive examination of the handling qualities, weapons accuracy, avionics performance and human engineering of the Cheyenne Attack Helicopter. Over 1,400 hours of test time have been accomplished in the development program. The majority of the testing has been under Army supervision at the Yuma Proving Ground and both Army and civilian pilots have participated. The test aircraft have met most of the desired performance specifications and the weapon subsystems have exceeded the Army's expectations—particularly in respect to the day and night firing of the TOW missile. Before procurement of an advanced attack helicopter, the Army is making a detailed evaluation of the attack helicopter concept and the necessary system requirements.

Heavy Lift Helicopter (HLH). The FY 1973 Budget includes $53 million for continued initial development of a single prototype of the Heavy Lift Helicopter (HLH).

Utility Tactical Transport Aircraft System (UTTAS). The Army has entered the contract definition phase of development on a helicopter to replace the UH-1H in the air assault role in the 1980s. Industry proposals for developing this helicopter are being evaluated and the FY 1973 Budget includes $64 million for this program.

SAM-D. The FY 1973 Budget includes $171 million for engineering development of the SAM-D system which is planned to replace Nike Hercules and Hawk whose basic designs date from 1950s.

Marine Corps Modernization Program. Unilateral Marine Corps development programs normally relate to capabilities peculiar to landing force operations. Such programs as the LVTP-7 and the improved CH-53 helicopter are good examples. Many other service development programs can, and do, relate directly to Marine Corps requirements. Examples include the Dragon and Redeye missile programs. The Marine Corps contributes to the development of these systems and uses many of these systems once developed.

Reserve Ground Forces

The availability of equipment for allocation to the Reserve components in Fiscal Year 1971 had a dollar value of about $726 million. These issues included 6,500 tactical radios, almost 15,000 wheeled vehicles, approximately 287,000 M-16 rifles, and 52 M-60 tanks. Equipment issues for Fiscal Year 1972 are forecast now to exceed $900 million, and in Fiscal Year 1973 they are expected to be more than $1 billion in value.

The ground force modernization programs described above represent only a portion of our overall modernization program. When completed, our force effectiveness should improve measurably.

Tactical Air Forces

The threat presented earlier poses a wide range of potential conflict situations in which military response might be required. The tactical air force structure described in this section provides to the National Command Authorities a variety of options, ranging from small, conventional deployments to large scale conventional and/or tactical nuclear operations. These forces are being structured to provide the responsiveness, positive control and overall capability best suited to the requirements of our strategy.

In supporting the overall strategy, tactical aircraft provide a capability to carry out a variety of missions, including close air support, interdiction, counter air (both fleet and area), reconnaissance, tactical airlift and special purpose missions. The majority of our tactical fighter/attack aircraft are capable of effectively performing several of the

fighter and attack missions. The F-4 Phantom is perhaps the most well-known example, although the A-6, A-7 and F-111 also possess this capability.

Close air support missions are flown against enemy forces in close proximity to friendly forces. In FY 1972-1973 the primary fixed wing close air support aircraft will be the multi-service F-4, the Marine Corps A-4, the Air Force/Navy A-7. As the newer A-7D/Es enter the forces, they will substantially improve close air support and interdiction capability.

Both the Air Force and Navy have the capability to fly interdiction missions against a wide range of land and sea targets. Tactical aircraft with primary interdiction capability are the Air Force F-111, the multi-service F-4. the Air Force/Navy A-7 and the Navy/Marine Corps A-6. The capability of these forces are being significantly improved by the addition of the F-111F, the A-6E and the A-7D/E.

Air defense/air superiority missions are flown to protect friendly air, sea or ground forces from enemy air attack. The primary aircraft for these missions is the F-4, although the Navy does operate some F-8s for fleet air defense.

Reconnaissance aircraft provide surveillance of enemy activity through day and night photography, side-looking radar, and infrared imagery. The Air Force and Marine Corps operate RF-4Cs to provide reconnaissance capability while the Navy operates RA-5C and RF-8 aircraft from carriers.

Tactical airlift provides the theater commander the capability to support deployed forces, to forward deploy forces from air and sea ports and to employ and resupply ground combat forces.

Special purpose aircraft are used in electronic warfare (detection of and countermeasures against enemy electronic emitters), special operations forces, tactical air control (enroute and terminal control of tactical aircraft), and airborne early warning (airborne search radar). Our FY 1972-1973 forces include a variety of special purpose aircraft: EC-121s used in Southeast Asia, A-37s used to provide ground support in lightly defended areas, Navy E-2s used in airborne radar platforms for the fleet, and EA-6B and EB-66, EB-57 and EC-47 electronic countermeasure aircraft. In addition, the Marine Corps maintains EA-6A aircraft for an ECM capability.

In order to meet the threat to NATO, yet retain the flexibility and quick response capability to provide adequate support in Asia and other areas, in FY 1973 the Air Force will operate 72 active fighter/attack squadrons and 39 reserve squadrons. In addition, the Navy will maintain 70 active and 10 reserve Naval fighter/attack squadrons in FY 1973. The Marine Corps will operate three active wings and one reserve wing as part of their Division/Wing teams. In addition to these tactical forces of the Air Force, Navy and Marines, 23 active reconnaissance squadrons will be operated along with 6 reserve squadrons.

Modernization

Modernization of our tactical aircraft forces is needed to counter the threat described previously. Newer Soviet aircraft that must be countered include such systems as the Foxbat and an attack aircraft with a variable geometry wing.

Fighter Aircraft

The task of gaining air superiority when the enemy is operating in a friendly radar environment is extremely demanding and requires long-range aircraft with on-board systems for detecting enemy aircraft. The Air Force is developing the F-15 for this purpose. It is specifically designed to excel in air-to-air combat and is expected to have excellent maneuverability—a vital factor in close-in air-to-air combat. The FY 1973 Budget contains $454.5 million for the F-15 development program, and $422 million for procurement of the first 30 F-15s, plus $34.4 million for initial spares.

We are carefully examining the advanced technology applicable to the development of a low-cost single-purpose, fighter aircraft that could be procured in large quantities. This prototype project should help us obtain better information on costs and operational suitability of the advanced technology before deciding upon development of particular airframes. A total of $46 million is requested for the prototype lightweight fighter program in FY 1973.

In order to modernize the Navy's tactical aircraft, the Navy is continuing to procure the F-14 in FY 1973 for fleet air defense and air superiority missions. Once operational, the F-14 with the Phoenix missile system will provide a better defense against the increasing air-to-surface missile threat to the fleet than is currently provided by the F-4. In addition, the increased range and radar capability compared to the F-4 will enable the F-14 to more effectively protect strike aircraft.

A total of $570.1 million is requested this year for procurement of 48 F-14As. An additional $162.6 million is included in our RDT&E request for the F-14, and $2.1 million for military construction.

Attack Aircraft

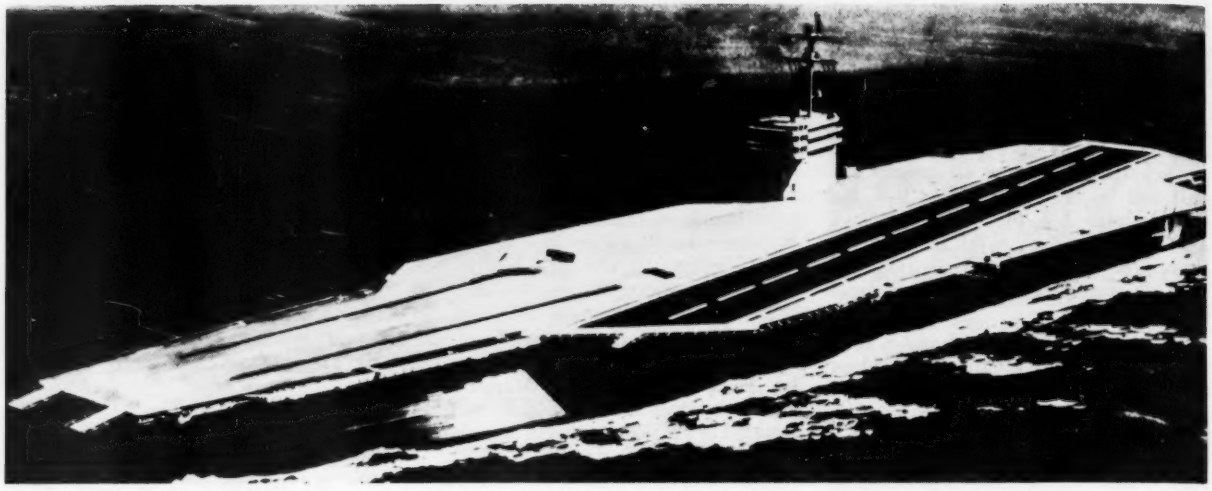
In FY 1973 the Air Force will complete the procurement of three wings of A-7Ds. These aircraft, with the integral computer-aided, visual-delivery system, will provide increased capabilities in the close air support and interdiction mission areas. The A-7Ds are intended to replace the F-100s and a majority of the F-105s in the Air Force inventory.

In addition to the A-7D, we are improving our attack capability by procuring 12 F-111Fs for $160 million in FY 1973 to complete a fourth wing of F-111s for the Air Force. The Air Force has procured the F-111F primarily for the long-range tactical interdiction role. With its radar bombing capability, the F-111 is particularly useful at night or in bad weather conditions, especially for the attack of enemy airfields.

Reserve Fighter/Attack Aircraft

Many of the Air National Guard and Air Force Reserve units participate on a continuing basis with the regular forces and can easily integrate into these forces, if activated. The units in the process of transitioning to more modern and capable aircraft are intensifying efforts to complete their readiness training.

By the end of Fiscal Year 1973, the fighter force within the Air National Guard and Air Force Reserve units is expected to include six squadrons of F-105s, one of F-104s and one of F-4s. The attack segment of the Air National Guard (ANG) is scheduled to have 25 F-100 squadrons, 3 A-37 units, and 1 unit of B-57Gs. The ANG will also possess



The U.S. Navy's CVN-70 Aircraft Carrier

one F-105 and one F-100 training squadron, in addition to the number indicated above. Additional modernization will be accomplished as more F-105s and F-4s become available from the Active force.

Modernization of Naval Air Reserve fighter/attack aircraft continued with a second F-8 fighter squadron being formed and a second squadron converting from A-4s to A-7s. All A-4C aircraft are scheduled for replacement with A-4E and A-4L models, and the F-8H fighters will be replaced with F-8Js in Fiscal Year 1973.

Special Purpose Aircraft

In addition to modernizing our fighter and attack aircraft, we are increasing the capability of our tactical air forces by making improvements in special purpose aircraft. The FY 1973 Budget contains $184 million for seven EA-6Bs and $170 million for eight E-2Cs, plus $26 million for development of the two systems. Funds are included in the FY 1973 budget submission for the development of an Airborne Warning and Control System (AWACS) that can be used not only for strategic air defense, but for tactical air control as well. The application of AWACS to the tactical mission area will enable the Air Force to consolidate in one aerial platform a variety of the functions now being performed by many different aircraft.

The Navy is procuring the EA-6B to provide electronic countermeasures to assist A-7s and A-6s in penetrating sophisticated enemy defenses. The Air Force is developing a modification to early F-111s using EA-6B electronics to provide similar escort capability for Air Force interdiction aircraft.

Close Air Support

During the course of last year's Congressional hearings the close air support issue was examined extensively. A special study effort by former Deputy Secretary of Defense David Packard was provided to Congress in June 1971, recommending continuation of the development of the Army's Cheyenne attack helicopter and the Air Force A-X. However, specific tests were outlined for each service to accomplish before procurement would be considered. The first flight of A-X prototypes is expected for June 1972. The two airframe contractors are building two prototypes each. A competitive fly-off between these prototypes will begin in November 1972. A total of $48 million is included in this budget for A-X development.

The report of the Close Air Support Review Group also recommended that certain tests be made with the Harrier, a multimission vertical/short takeoff and landing (VSTOL) aircraft now being procured for the Marine Corps. We intend to continue with Harrier procurement, and the FY 1973 budget contains $133 million for another 30 aircraft.

The Army's development of advanced helicopter gunships was discussed previously. The Department of the Army is proceeding with the recommended tests. I have continued the Close Air Support Review Group and have asked it to carefully examine the Command and Control and Logistics aspects of the close air support mission.

Sea Control

The United States is a maritime nation dependent on sea lines of communication for international trade and support of our allies. As a maritime nation we strongly support freedom of the high seas for commerce in peacetime, and we must maintain access to vital sea areas in the event of conflict to ensure support to our own forces and European and Pacific allies.

More specifically, in the Atlantic and Mediterranean area our forces, together with those of our NATO allies, should be capable of sea control operations to help ensure protection of deployed U.S forces, military support shipping and an austere level of economic support.

In addition, U.S. and allied forces should be capable of keeping sea lines of communication to Europe open indefinitely at a minimum necessary supply level against a maximum Soviet naval interdiction effort.

In the Pacific, U.S. forces should be capable of supplementing the forces of our Pacific allies to ensure that a minimum necessary level of supplies can be maintained against expected threats to the sea lanes.

The naval force levels that we are planning for FY 1973 include 16 aircraft carriers; a total of 242 missile cruisers, frigates, destroyers, destroyer escorts, and active Naval Reserve escorts; 60 nuclear- and 27 diesel-powered attack submarines; and 66 amphibious ships. Counting all ships, the program includes a total of 594 active fleet ships and 58 Naval Reserve Force ships. For comparison, the planned end FY 1972 active fleet strength is 757 ships.

Naval Force Modernization

Aircraft Carriers. At the end of FY 1973, the aircraft carrier force will consist of nine Forrestal class or larger, including the nuclear-powered Enterprise, plus three Midway class and four older carriers. Two nuclear-powered carriers, Nimitz and Dwight D. Eisenhower, are under construction and are scheduled for commissioning in 1973 and 1975. The carriers will be ready for operational deployment about one year after commissioning.

We are requesting $299 million in FY 1973 to procure long lead-time items for CVN-70, which the Navy currently estimates will cost almost one billion dollars. The CVN-70 is needed to continue the modernization of our sea-based tactical air forces; it will replace an old conventional carrier. This carrier, along with the USS Enterprise and the two others currently under construction, would provide us with four nuclear carriers, enabling us to operate two on each coast.

Other Programs. We are pursuing several important programs for modernizing and updating our other surface combatants. One of them is the construction of 30 new DD-963 destroyers, to be built by Litton Industries. Sixteen of these ships have already been funded, and the FY 1973 Budget includes $612 million to procure seven more ships. We now plan to procure the last seven of the ships in FY 1974. In addition, the budget includes $118 million to modernize two more guided missile frigates.

The Navy is also proceeding with construction of three new DLGN-38 class frigates, which will be equipped with both anti-aircraft and anti-submarine weapons. These three ships are to be constructed on a multi-year contract.

Naval Reserve surface forces have also been upgraded with more modern destroyers replacing older ships. During this past year the numbers of Naval Reserve ships were increased by three destroyers and three minesweepers. Proposed transfers in FY 1973 are three minesweepers and two tugs, with additional forces, including carriers, programmed for future years.

LHA: the U.S. Navy's new air/sea assault ship

Increasing emphasis is being given to ship-based aircraft for sea control operations. The Navy is continuing its evaluation of the "CV concept," aboard the USS Saratoga. This approach involves employing attack, fighter and ASW aircraft from the same ship, thus vastly increasing the range of threat response available on our carrier decks. The mix of aircraft on each CV will be especially tailored for its mission, ranging from primarily ASW to primarily attack. The Navy's experience to date indicates that the "CV concept" has considerable merit.

The Navy is continuing its major program to construct new SSN-688 class ships. The number of SSs in the force will decline in future years as more new SSNs are delivered and the Navy moves closer to an all-nuclear force that is highly capable in the ASW role. The new 688 class SSNs will have a propulsion core life of more than ten years, as well as speed and other characteristics that are much improved when compared with those of earlier classes. Twelve of them are already under contract, and the FY 1973 Budget includes $1,042 million to procure six more of these ships.

Our air anti-submarine program is designed to provide a balanced force of both sea-based and land-based air ASW forces. Each possesses unique advantages under different tactical situations and in different environments:

The S-3A development program is proceeding on schedule, and has met the first two milestones. The FY 1973 RDT&E budget contains $37 million to complete the major portion of the development effort. We also propose to procure the second increment of production aircraft in FY 1973, and the FY 1973 Budget includes $628 million for 42 aircraft.

The Navy now maintains a force of 24 squadrons of the land-based P-3 ASW aircraft and expects to retain this force level for the next few years.

We propose to continue procurement of the P-3C, as a replacement for earlier model aircraft in FY 1973, and the budget includes $246 million to buy another 24 of these aircraft.

The amphibious ship force at the end of FY 1973 will include 67 ships, with a capability to lift the assault elements of slightly more than one Marine Amphibious Force (MAF). To provide modern 20-knot ships, we are procuring five LHAs (a large ship capable of handling both helicopters and surface landing craft) and will accept delivery

of the last of 20 new class LSTs.

The LHA construction program is behind schedule. These ships, and the DD-963 destroyers that I mentioned earlier, are being built by Litton Industries in a new shipyard. Problems have been experienced in this new and complex ship facility at Pascagoula, both in technical operation and in recruiting a proper workforce.

Mobility Forces

The threats which our general purpose and mobility forces must be capable of meeting range from a minor contingency, requiring one to two brigades to a Warsaw Pact attack on NATO, requiring a number of divisions. Deployments to a minor contingency can for the most part be accomplished with the active military forces. To meet deployment requirements generated by an attack on NATO or Chinese aggression in Asia, we would rely on full mobilization of reserve forces and a large number of commercial aircraft and all available U.S. flag merchant ships in addition to the active force.

Present planning for the spectrum of possible deployments utilizes principally U.S. commercial and military assets. However, recognizing the considerable lift assets of our NATO allies, we are investigating increased participation on their part in supporting deployments to NATO.

Strategic Airlift

As presently programmed, U.S. strategic airlift resources should provide the basic capability needed to meet our deployment requirements through the 1970's. By the end of FY 1973, the build-up of the C-5 force will be completed, and the active strategic airlift force will consist of 4 squadrons of C-5s (79 aircraft) and 13 squadrons of C-141s (275 aircraft). In addition to these military assets, U.S. mobility forces include approximately 330 commercial aircraft in the Civil Reserve Air Fleet (CRAF).

Tactical Airlift

In contrast to the strategic airlift force, which provides the deployment capability for U.S. forces, tactical airlift provides airlift within the contingency area for U.S. and allied forces. This support includes the movement of unit equipment, resupply and passengers. In FY 1973, our active tactical airlift force will consist of 16 squadrons of C-130E aircraft and one squadron of specialized C-130s

Strategic Airlift: The C-5 Galaxy, together with other elements of the airlift force, provide a rapid and flexible response capability.

stationed in Alaska.

One of our needs in this area is to replace in the active forces the STOL airlift capability transferred to the Reserves and to the Vietnamese in the Vietnamization program. For this purpose, we are proceeding with prototype development of an Advanced Medium STOL transport program. The aim of this program is to develop an operationally useful prototype aircraft which will provide an option for procurement.

Reserve Airlift

In addition to our increased emphasis on the reserve portion of our strategic airlift force, we have also significantly increased the tactical airlift capability of the Reserve forces.

ANG and USAFR tactical airlift forces have been increased and modernized with the transition from C-124s and the older C-119s to C-130s. The C-7 Caribou will make its debut in the Air Force Reserve this year, and C-123Ks will also be added to provide STOL capability.

The Air Force Reserve will have 17 units equipped with 117 C-130 aircraft and 6 squadrons equipped with 105 STOL aircraft. The Air National Guard will possess 10 units equipped with 81 C-130 aircraft and one specialized C-123 unit in Alaska. The Navy is actively exploring methods of modernizing Naval Reserve airlift units, currently equipped with C-118's, by the introduction of jet transports.

Sealift

In the latter half of the 1970's, without acquisition of new assets, our strategic sealift force of dry cargo ships will be limited to three roll-on/roll-off vessels. To meet wartime needs, we must rely almost exclusively on U.S. commercial shipping which can be mobilized under Presidential authority.

Military sealift procurement, requirements, and capabilities are currently undergoing an extensive interagency review entitled the Sealift Procurement and National Security (SPANS) Study. We are participating in this study along with the Department of Commerce, Federal Maritime Commission, the Office of Management and Budget, and Industry. We now expect the SPANS Study to be completed by the end of March 1972, and recommendations should be forthcoming on the following issues: 1) possible revision of the competitive negotiated procurement system used to obtain rates for the movement of peacetime cargo under shipping and container agreements; 2) the need to acquire specially designed vessels for a fleet controlled by the Department of Defense, and 3) the development of a strengthened Sealift Readiness Program which will make available in a timely manner sufficient commercial shipping resources to meet the requirements of minor contingencies.

In addition to addressing these issues, the SPAN Study will also provide the factual basis necessary to update the agreement developed in 1954 between the Secretaries of Defense and Commerce (Wilson-Weeks Agreement) concerning the use of merchant shipping resources

by DoD. If the government is to realize fully the benefits of the maritime/sealift programs of these two agencies, an effective policy must be jointly developed.

REGIONAL CONSIDERATIONS

Planning in Europe

Our requirements for general purpose forces are largely determined by planning for sufficient capability to deter the Warsaw Pact nations from conventional attack of NATO Europe. In this planning for U.S. and allied conventional forces we and our allies must insure—and display—our ability to sustain and reinforce our combined deployed forces through control of the air and sea lanes.

NATO in Perspective

In the early stages of this Administration, we undertook an intensive review of our defense needs, deficiencies and policies in Europe. We also worked closely with the allies in a parallel study effort pertaining to NATO as a whole. From this comprehensive assessment and intense consultation with our allies emerged the NATO Study on Alliance Defense Problems in the 1970's, known as AD-70. Largely as a result of this study, our European allies initiated the European Defense Improvement Program (EDIP) in December 1970.

This EDIP program is being rapidly implemented. Over two-thirds of the total program of aircraft survival measures (i.e., shelters and other facilities) is already the subject of definite NATO programming or implementation action. Action on special improvements for national forces, announced as a part of EDIP, are also moving forward on schedule.

But the EDIP is only a small part of the European contribution to the Alliance. For the year 1972, almost all of our allies are planning increases in their defense budgets. At current prices the total planned increase for 1972 is well over $1 billion, without counting certain possible supplementary budget appropriations to meet further rises in costs. These steps are generally in consonance with the priorities established in the AD-70 study, and the allies are also engaged in re-examining and where necessary reshaping their ongoing defense programs to fit those priorities. They have important programs for the modernization of their forces.

Our allies have made clear that the maintenance of their force levels and their extensive improvement programs are commensurate with the continued U.S. commitment to NATO defense. They have also made clear that efforts to achieve sufficient defense capabilities are a necessary precondition to realistic negotiations on security and cooperation in Europe.

U.S. Forces in Europe

The U.S. is also making a strong effort to maintain and improve its forces in Europe. During the past five years, manpower shortages and personnel turnover have caused readiness problems for U.S. forces in Europe. In the past year we raised the priority of European forces for personnel, and the units are now at virtually 100% of authorized manning.

We plan to continue our FY 1973 force deployments to Europe at current levels, with minor adjustments to be consistent with force modernization and improvement in efficiency of support components.

Negotiations Aspects

Our NATO allies are clearly aware of President Nixon's program to move from confrontation into negotiation. At the December 1971 Ministerial meeting, the allies recognized the importance of maintaining our strength and partnership while moving toward detente, reaffirming the Alliance position that its overall military capability should not be reduced except in the context of mutual and balanced force reductions. For our part, we reaffirmed the U.S. position that, given a similar approach by the other allies, the United States would maintain and improve its forces in Europe and would not reduce them except in the context of reciprocal East-West action.

We are working closely with our NATO allies in preparing for possible negotiations on mutual and balanced force reductions (MBFR) in Europe. Over the past year our Government submitted to NATO three major studies on this subject, and we intend to submit the results of future studies as they become available. Only by working closely together can we insure that allied solidarity is preserved.

Our objective, as we move forward with our Allies in developing positions on MBFR, is the maintenance of Alliance security, with a more stable military balance at lower levels of forces. We are considering MBFR in a comprehensive manner, focusing on a combination of reductions, collateral constraints (such as limitations on exercises), and verification provisions. We have concluded that NATO force improvements and MBFR must complement each other; we will need to move forward with force improvements before, during, and after MBFR negotiations.

Planning in Asia

The United States is a Pacific power, and as such must recognize and accept its responsibilities in the area. We seek to do so as a partner, as one of a group of concerned nations acting in concert. It is our objective to support our allies and fulfill our treaty commitments in the context of the Nixon Doctrine.

Last year I noted that we do not plan for the long term to maintain separate large U.S. ground combat forces specifically oriented to the Asian theater alone, but we do intend to maintain strong air, naval and support capabilities. To serve as a deterrent and to support our allies, we continue, of course, to maintain balanced, forward deployed ground, air and naval forces in the Asian theater. However, we expect to continue to emphasize the necessity of strengthened military capabilities on the part of our friends and allies, as we move toward Nixon Doctrine peacetime deterrent forces.

Thus, in Asia, our primary emphasis lies in assisting our friends and allies in developing their own capabilities to cope with aggression, against both internal and external threats. In this sense, U.S. forces will increasingly serve a complementary role, and our security assistance programs are a key to making progress in this direction. I believe that we and the Asian nations have made considerable progress in this direction in the past year.

Final agreement has been reached with Japan on the reversion of Okinawa in 1972. Japan is to begin assuming responsibility for the immediate defense of the Ryukyu Islands.

The Republic of Korea has assumed responsibility for the defense of virtually all the Korean DMZ and, with our assistance, is undertaking substantial improvement of her own forces.

There is also concrete evidence of the dynamism and regionalism that exist in this region. In this regard, Australia, New Zealand and the UK reached agreement with Malaysia and Singapore on the continued forward deployment of an integrated ANZUK defense force in the two Southeast Asia countries under the new Five Power Defense arrangement.

Thus, although 1971 has been a year of progress, this progress has precipitated problems. We recognize that as changes take place, problems and differences must and will arise in our relationships with the nations of Asia. We have sought to minimize the differences and we have laid stress on our many common aspirations; however, we do not hide from problems. We seek straightforward, honest negotiations to find mutually satisfactory solutions. To facilitate this dialogue and emphasize the new role of partnership we seek, both former Deputy Secretary Packard and I traveled to the Far East this past year to discuss with our friends our common security objectives and means to accomplish them.

Cambodia

President Nixon said on November 12, 1971:

". . . Cambodia is the Nixon Doctrine in its purest form. Vietnam was in violation of the Nixon Doctrine. Because in Cambodia what we are doing is helping the Cambodians to help themselves, and we are doing that rather than to go in and do the fighting ourselves, as we did in Korea and as we did in Vietnam."

During the past year, the U.S. security assistance program in Cambodia has been an excellent example of how we believe the Nixon Doctrine should be implemented. In the first place, U.S. assistance is confined to military and economic aid, and some air support, with Cambodia assuming the basic responsibility for its own self-defense. The U.S. has no ground troops and no military advisers in Cambodia.

Additionally, the U.S. assistance effort is being complemented by military and economic aid from a growing number of Cambodia's friends in East Asia and the world. In January, a group of seven countries agreed to contribute to an economic stabilization fund for Cambodia. The most direct assistance, of course, is coming from South Vietnam. Indeed, one of the most encouraging developments of the last year was the increasing number of combined operations conducted by Cambodian and South Vietnamese forces against NVA/VC forces in Eastern Cambodia.

Most heartening of all has been Cambodia's own efforts to defend her territory and people against the North Vietnamese invaders. Cambodia has expanded its military manpower six-fold in the past year and has been able to maintain the major populated areas under government control. Despite enemy interdiction efforts, Cambodia has kept open the major highways and is now assuming responsibility for Mekong River convoys from the South Vietnamese border to Phnom Penh.

These Cambodian efforts have, of course, also placed additional strain on the NVA/VC logistical system and helped to relieve pressure on U.S. and allied forces in South Vietnam. Thus, in the military area there has been considerable progress in the past year. But much more still needs to be done, particularly in the fields of training and logistics. These are the tasks we and our friends will be assisting Cambodia with in the coming year.

Vietnam

"Vietnamization . . . has now effectively concluded the U.S. ground combat responsibility. Our other activities are being transferred to the South Vietnamese. We are ending American involvement in the war while making it possible for those who do not wish to be dominated by outside forces to carry on their own defense."

—President Nixon's Foreign Policy Report to Congress, 1972

The President in his Foreign Policy Report to the Congress has presented a comprehensive and detailed review of all aspects of our Vietnam policy. I would like in this Report to highlight those dimensions which are of particular concern to me as Secretary of Defense.

Vietnam became the test case and the first crucial step for implementing the Nixon Doctrine and our new planning approach to Asia. Vietnamization was based on the simple proposition that responsibility for the war should be turned over to the South Vietnamese. We expected them to defend themselves with our material and security assistance but without indefinite American combat involvement. The results to date have justified, in my view, the faith we placed in this new policy and in our South Vietnamese friends.

When we assumed office in January 1969, Americans were deeply involved in combat. And so we set out systematically to bring Vietnam into conformity with the principles of the Nixon Doctrine. 1971 has demonstrated the viability and effectiveness of the Nixon Doctrine principles we have applied in Vietnam.

The Vietnamization program has paved the way for a self-reliant South Vietnamese defense force, for increased cooperation among the other free nations of mainland Southeast Asia and for eventual restoration and maintenance of peace in Indochina. Should our approach to peace in Indochina through negotiations fail, our strength through partnership approach will continue to make possible reductions in the level and intensity of the present conflict.

Our activity in Indochina has been and will continue to be in consonance with the goals we established at the beginning of Vietnamization. We seek to:

- —Maintain our obligations and interest in Asia as we move toward a generation of peace;
- —Reduce American casualties;
- —Secure the release of our prisoners of war and an accounting for our missing in action;
- —Continue to withdraw U.S. forces; and
- —Transfer military responsibility to the Republic of Vietnam in a way that provides the South Vietnamese with a realistic capability to defend themselves from aggression.

We are closer now to meeting these goals than at any time in the past. During each of my four trips to Vietnam as Secretary of Defense, I have been heartened by the progress which has permitted me to recommend and the President to direct further reductions in U.S. troop strength.

The behavior of the enemy in flouting the basic precepts of humanity and international conventions and in contributing to the anguish of our PW/MIA families must end. Neither President

Nixon nor I will consider Vietnamization to be completed until the prisoner of war and missing in action issues have been resolved.

In sum, the major part of our Vietnamization program has been accomplished and we are ahead of schedule on the tasks that remain. The philosophy that predominated as we assumed office in 1969 of a U.S. "takeover" of military activities in South Vietnam has been superseded by the reality now of a U.S. "turnover" of responsibility for continued combat operations, as every statistical indicator confirms. Vietnamese forces have demonstrated professional skill, valor and combined arms effectiveness in their operations to date. Particularly noteworthy has been the ability of the Vietnamese to operate away from their permanent bases in areas the enemy has occupied for years. While we cannot expect the South Vietnamese to win every battle, their effectiveness should increase even more as they gain more confidence and strength.

Security Assistance

We believe that our allies can and must increasingly bear the primary burden for planning to cope with subtheater and localized conflicts. Such conflicts, running from localized insurgency or guerrilla warfare to the type of conventional attack which North Korea itself could mount against South Korea will continue to threaten the security of our friends and allies through the 1970's. Although security assistance is not limited to the friends and allies threatened by subtheater/localized conflict, in practice the bulk of our assistance goes to these countries.

A strong, effective program of security assistance to key friends and allies is an indispensable tool for implementing our National Security Strategy of Realistic Deterrence. It also plays a central role in fulfilling the Nixon Doctrine objective of a more equitable sharing of the Free World defense burden.

President Nixon has indicated that in the future the U.S. would look to the forces of our allies to deal with guerrilla and subversive threats. However, he emphasized that the United States can and will furnish military and economic assistance to supplement this local effort, where our interests are involved. During the past year, a number of steps have been taken in the Executive Branch to make planning and administration of security assistance more effective.

The Military Assistance Program is typified by the U.S. military advisor. Shown in front of a Vietnamese Air Force A-1 aircraft are Lt. Colonel (then Major) Thai Ba De and Colonel Thomas G. McConnell (then a Lt. Colonel advisor to the VNAF).

In reshaping the foreign aid program, the President directed that the planning of all security-related aid program elements be integrated. Accordingly, the Military Assistance Program (MAP) and the Foreign Military Sales (FMS) program were considered, together with economic supporting assistance, as an integrated whole during the period in which the FY 1973 security assistance budget was being constructed.

I would note that security assistance planning continues to be an interagency effort within the Executive Branch. This procedure insures that the Department of State is able to exercise its statutory responsibilities for policy guidance of security assistance while the Department of Defense will continue to manage the military program, thus permitting more effective use of all defense resources.

The manner in which our security assistance programs with our allies complements our overall national security becomes easier to understand when viewed in the context of the linkage between the U.S. force posture and overseas deployments, on the one hand, and adequate security assistance to allied forces, on the other.

It is important that the Congress and the American public recognize and understand the important role that grant military assistance and other forms of U.S. security assistance have played over the past two and a half decades in countering threats to non-Communist countries. For while the burdens in blood and dollars which the American people have borne to help defend others have been great, they would, in my judgment, have been far greater without security assistance. During the past few years, I believe that we have made major progress, through security assistance, in strengthening the capabilities of Free World nations to defend themselves, thereby helping move toward a more equitable sharing of the defense burden.

Specific Improvements in Department of Defense Activities

ORGANIZATION AND MANAGEMENT

Telecommunications

An additional position of Assistant Secretary of Defense for Telecommunications, replaced the Office of Assistant to the Secretary established earlier. The Assistant Secretary of Defense for Telecommunications will lead and guide the future design and development of DoD telecommunications systems, and assume the OSD responsibility for the telecommunications management and resource programming and allocation. The Assistant Secretary of Defense for Telecommunications will also have key OSD functions in connection with the Worldwide Military Command and Control System.

Intelligence

The most important organizational change in this functional area during the past year was the appointment of an Assistant Secretary of Defense with responsibility for management of intelligence resources, programs and activities. In addition, he provides the principal point for management and policy coordination with the Central Intelligence Agency and other intelligence officials and agencies outside the Department of Defense.

Central Security Service

A Central Security Service (CSS), under the Director, National Security Agency (NSA), has been established to provide a unified, more economical, and more effective structure for executing cryptologic and related electronic operations. The Military Departments will retain administrative and logistic support responsibilities for the military units involved, but these units will be managed and controlled by the CSS.

Investigative Service

The Defense Investigative Service, has been established to centralize control of all personnel security investigations and some related matters within the Department of Defense. The Agency is designed to obtain monetary savings, managerial efficiencies and a more prompt response to overall defense needs for personnel security investigations, as well as to provide a more uniform product.

Defense Mapping Agency

Defense mapping, charting, and geodetic operations (MC&G) are being consolidated to the extent practicable, balancing economy against military requirements. For this purpose, we established the Defense Mapping Agency, a separate entity reporting through the Joint Chiefs of Staff to the Secretary of Defense.

Defense Nuclear Agency

As another part of our continuing effort to improve defense management and organization, the Defense Atomic Support Agency was reorganized and redesignated the Defense Nuclear Agency (DNA). Our objectives were to insure that DNA activities were realigned to emphasize those functions which are more effectively and economically performed on a centralized basis, to decentralize activities which could be performed better by the military services, to eliminate unnecessary functions and to consolidate support requirements.

Unified Command Plan

A major step for improving the command and control of the U.S. combatant forces became effective on Jan. 1, 1972. For the first time since 1963, the Unified Command Plan was revised to reflect changes in our international commitments and policies. This change is in keeping with the Nixon Doctrine and is consistent with our ongoing efforts to revitalize our organizational structure in support of the Strategy of Realistic Deterrence.

The U.S. Strike Command was disestablished and its geographical areas of responsibility assigned to other Commands. In its place a new Command, the U.S. Readiness Command, has been established at MacDill Air Force Base, Florida, with no geographic area of responsibility. It will be manned austerely and its responsibility is to control U.S. based major combatant general purpose forces not assigned to other unified commands. The Readiness Command will have the responsibility to provide a general reserve of combat ready forces to reinforce other U.S. Commands, perform deployment planning, and assist the Joint Chiefs of Staff in developing doctrines and techniques for the joint employment of forces.

Test and Evaluation

The establishment of a Deputy Director for Test and Evaluation within the Directorate of Defense Research and Engineering (DDR&E), with across-the-board responsibilities in OSD for test and evaluation matters, is in large part a result of the Blue Ribbon Defense Panel report of mid-1970, which commented extensively on deficiencies with regard to Defense test and evaluation programs. The appointment of the new Deputy Director is a part of our overall program for improvement of systems acquisition management.

Security Assistance

The relationship of security assistance to the Nixon Doctrine, the Strategy of Realistic Deterrence and the Total Force Concept has been further strengthened in the Department of Defense during the the past year by two organizational changes.

First, I have established the Defense Security Assistance Council to advise me on matters relating to security assistance and to provide DoD coordination of this assistance. The membership of this council is designed to assure that security assistance meets the requirements of those who would receive the assistance and is still consistent with overall DoD plans, programs, and capabilities.

As a second step, I have established a Defense Security Assistance Agency (DSAA). The DSAA is the central organization in the Department of Defense responsible for directing and supervising the execution and administration of approved security assistance programs.

Security Assistance is a vital and integral part of the programs of the Department of Defense. The establishment of DSAA assures that Security Assistance

will receive the management attention due this critical program.

Net Assessments

A recognition of the urgent need for an effective Net Assessment capability is by no means new or original with me. We have long recognized the requirement, but the creation of the capability to accomplish the extremely difficult and complex task of Net Assessment cannot be completed overnight.

We approached the task on a phased basis. Last year, I advised you that we had established an organization within the Office of the Director, Defense Research and Engineering (DDR&E) to perform net technical assessments. From a modest beginning, this capability has progressed encouragingly. Techniques have been developed to accomplish the technical assessments, and we are now convinced that some of these techniques can be applied beyond the technical scope.

The intelligence community has performed net threat assessments over the years. They have been of varying quality. In the past, the responsibility for making net threat assessments has not been focused. To improve the quality, objectivity and coverage of the net threat assessments, I have assigned the responsibility for their preparation to the Assistant Secretary of Defense (Intelligence), and this function is being organized in his office.

During the past year, we reached the point where it has become possible to tie together the existing elements of Net Assessments under central coordination and tasking and to expand the scope of the assessments to include all relevant factors. I, therefore, established the position of the Director of Net Assessments in my immediate office. His job will be to integrate the elements of Net Assessment by tasking the existing functional assessment capabilities as well as the establishment of capabilities within other functional areas as necessary to give us a total Net Assessment capability.

To assure that this complex task is accomplished effectively, I have reorganized my immediate staff so that there will be a careful and interdependent use of our new strategy planning tools. Obviously, this small staff will continue to utilize as necessary all of the existing civilian and military resources and expertise in the Department.

We are now at a point where we can, based on our past experience, codify and organize formally the processes which we have been using to an ever-increasing degree in handling such complex matters as Vietnamization, the development of our strategy, the problems of maintaining technological superiority, and zero draft. I have been reluctant to establish new organizations. But these processes work. In my judgment, therefore, formal establishment of these two functions was both needed and necessary.

As I mentioned earlier, the Director of Net Assessments will be supported by the office of my Assistant for Long-Range Planning.

We have made encouraging progress toward meeting our requirements for Net Assessment. The endeavor is still in early stages of development. Although the products to date of our Net Assessments are most useful in the planning and decision-making process, we must recognize that realization of the full potential for Net Assesment lies well out in the future.

Military Operations

Our experience over the past three years has demonstrated that one of the areas that most needed improved management and effectiveness was the command and control of our forces. I believe that this problem has been satisfactorily met by the establishment of an Assistant Secretary of Defense for Telecommunications and the initiation of a new DoD Directive which specifically focuses on this problem. This Directive has brought about the following changes:

—A reorganization of the internal command and control system to assure that the instructions of the National Command Authority, the President and the Secretary of Defense, can be rapidly communicated to the operating forces.

—Designation of the Chairman of the JCS to operate the National Military Command System (NMCS) for the Secretary of Defense. The Chairman has the authority and responsibility to see that the NMCS has the capability and procedures to assure the rapid and reliable transmission of the instructions from the NCA to the operating forces.

—The creation of a council to provide policy guidance for the development and operation of the Worldwide Military Command and Control System (WWMCCS) and to evaluate its overall performance. The council will be specifically concerned with exercises conducted to test the effectiveness of the WWMCCS, the identification of system weaknesses and the development of R&D and procurement programs necessary to improve the capability of the WWMCCS.

Weapon Systems Acquisition

Weapon Systems Acquisition remains a matter of concern and action in the Department of Defense and one of significant interest to the Congress. It has long suffered from inefficiencies and inadequate measures of estimating the expected costs of military weapon systems.

We are now beginning to see some positive results from the policy and procedural changes which we have instituted over the past few years. The Services have extensively streamlined the management and reporting structure within their systems acquisition functions. Program managers are much more clearly vested with the responsibility and authority necessary to operate effectively and expedite decision making. Our new major program initiations are all characterized by the competitive development, or "fly before buy" concept of management. The Services have also begun a long range activity of investing in technology for the future through modest prototyping programs. We are just beginning to see the fruits of these labors and expect our future payoffs to be substantial.

We have identified many of the factors which have contributed to problems in the weapon system acquisition process. We have also taken action to minimize the effect of these factors. Some of the actions taken are:

—We have better information upon which to base the initial decision to move forward on a contract. In this Administration we have received clear guidance on the President's objectives in national security affairs. Our efforts to accomplish Net Assessments will enable us to

make better decisions on actual requirements and the initial decisions to meet those requirements. We have also made major changes in the internal decision-making process within the Department of Defense. All of these steps have resulted in recommendations to the Secretary of Defense that are both more relevant and more realistic in their demands in terms of both cost and technology.

—We have improved Department of Defense weapons system acquisition policies. For example, we are placing increased emphasis on tradeoffs, completing development before production, and better testing before we make a production decision.

—We have established an OSD Cost Analysis Improvement Group to review the cost estimates presented and to develop uniform criteria to be used by all DoD units making parametric cost estimates. At the same time, because valid cost estimates are so critical to a successful defense posture, I expect each Service Secretary to have a staff component capable of preparing independent parametric cost estimates. Our goal is to have formalized procedures for program cost presentations, as well as uniform criteria to which future parametric cost analyses will be expected to conform.

—We have also recognized that development, by its nature, is dealing with uncertainties and wherever appropriate our contracts for development will be on a cost basis rather than of a fixed price type. This will help to minimize the problem of "buying in" and alleviate many of the problems contractors have faced in the past.

All of these improvements together will not accomplish the full level of improvements we seek in improving the weapons system acquisition process. We need to do more and will continue to search for appropriate new techniques to accomplish our aims. For instance, we are not yet convinced that we have established the proper incentives for the elimination of marginal requirements that needlessly increase acquisition—and operating—costs with little performance benefits. We are not convinced we have established sufficient competitive incentives toward economy and simplicity in design and operation. There will probably never be a "final report" on reaching perfection in weapon systems acquisition. However, this Administration intends to continue to provide substantive "progress reports" indicating our efforts in this direction. We are hopeful that the Congress will continue to help us, as they have done in the past, in this difficult task.

Annual Defense Report

Manpower Objectives

In his Defense Report for Fiscal Year 1973, Secretary Laird listed the same major manpower goals as he did last year: 1) Reduction of draft calls to zero by July 1, 1973 and the achievement of an All-Volunteer Force; 2) Improvement of the quality of life in the Military Services to continue toward the objectives expressed in the 1969 statement of Human Goals; 3) Completion of the transition to peacetime manpower levels with minimum hardship to individuals, while simultaneously maintaining and upgrading the quality of the force.

But the Secretary of Defense made it clear there was one fundamental objective guiding all manpower planning, and that was "to provide the required personnel to man and operate our military forces, thus providing us with essential capabilities for national security."

As shown in the accompanying chart, the 2.4 million military personnel intended for FY 1973 approximates the average active duty strength of the pre-Vietnam era. Moreover, Mr. Laird noted that, "The last time we had an average active duty strength lower than this was before the Korean War, some 22 years ago."

Recognizing the large portion of our total manpower resources which are committed to the general purpose forces, Secretary Laird noted the manner in which such forces contribute to our National Security Strategy. Namely, such forces: 1) symbolize to both our allies and our enemies the commitment of the U.S. to protect our national interests in specific areas of the world; 2) demonstrate the significance of our commitment to our European allies by the size of our general purpose forces committed to NATO.

All-Volunteer Force

Mr. Laird said we already have made notable progress toward the goal of an All-Volunteer Force. He cited diminishing draft calls, but cautioned that, "no one can guarantee that the new incentives for an All-Volunteer Force will suffice to satisfy the need for manpower, without resort to the draft."

Specifically, the Secretary of Defense anticipates manpower supply problems in these areas:

—Combat arms enlistees.

—Officers with qualifications in the traditional professions of medicine and law.

—Guardsmen and Reservists, whose past enlistments have been largely draft motivated.

Possible solutions to these problems were also mentioned by the Secretary. They included: 1) combat arms enlistment bonuses; 2) possible enlistment and reenlistment bonuses in the Reserve Components; 3) DoD sponsored legislation to provide additional financial incentives to attract attorneys into the military; 4) increased use of medical scholarships, that is, a program whereby the DoD would subsidize the individual's education in medical school in exchange for a specified period of military service by that individual.

People Important

The manpower problem is not one of pay alone, the Secretary indicated.

Moreover, he reiterated his conviction that the effectiveness essential in a military force of reduced size is highly dependent upon the morale of the people as well as their training and skills. He specifically observed that, "We cannot expect to recruit or maintain a high-quality volunteer force with good morale and discipline if a segment of our citizenry looks on the Armed Services with scorn."

The Secretary discussed in some detail the efforts which are being made to improve the quality of service life. He mentioned:

—Adequate housing for both married and single personnel as a morale factor of prime importance.

—A broadening and strengthening of existing in-Service education programs to bring the full range of educational opportunities to the Serviceman at his job site.

—Support for continued quality educational programs at DoD Overseas Dependents Schools due to their importance to the morale of military families.

—Project Transition, which furnished predischarge job counselling, vocational training and job assistance to more than 1,000,000 Service personnel returning to civilian life.

—Establishment in August 1970 of Project Referral, the computerized system by which DoD catalogues the skills of its personnel about to retire against the job skills needed by private industry.

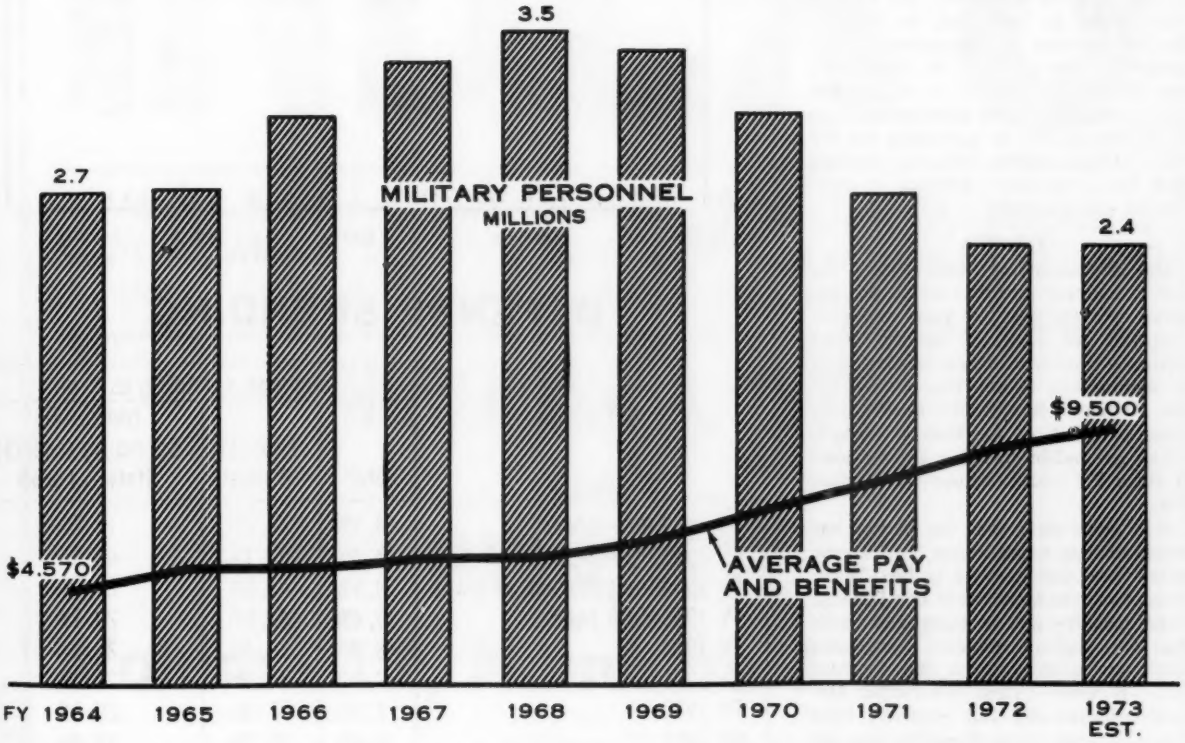
—Progress in securing Equal Opportunity in off-base housing, including the extension of the program to overseas areas.

—The DoD commitment to the prevention of drug abuse in the military and to the treatment and rehabilitation of those personnel identified as drug users.

Mr. Laird also observed that neither money nor management—in isolation—would achieve an All-Volunteer Force.

As he put it, "The support of the public, particularly as reflected in the attitude of the American people toward their Armed Service, is vital to the success of the program."

MILITARY PERSONNEL vs. AVERAGE PAY & BENEFITS



• PLANNED MANPOWER IS CLOSE TO PRE-VIETNAM LEVELS BUT AVERAGE PAY AND BENENEFITS ARE MORE THAN DOUBLE THE PRE-VIETNAM

Annual Defense Report

Defense and The Economy

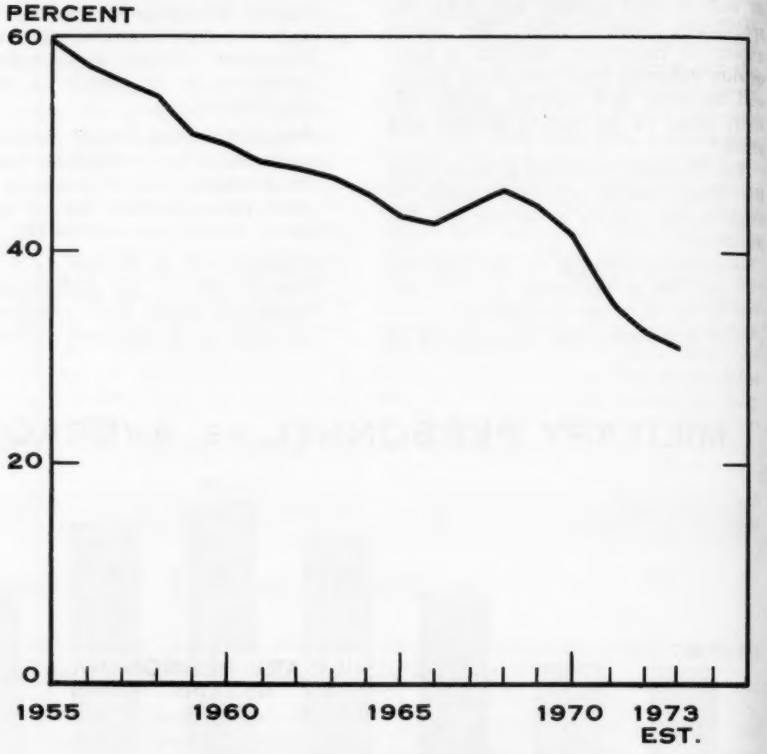
Defense programs in real terms—manpower, weapons procurement, the industrial base—continue their sharp decline through FY 1972. These trends are checked, and in some important respects reversed, with the FY 1973 budget. This budget includes essential increments to modernize our forces and to stem the long-run growth in manpower costs at the expense of investment. Manpower costs do, in fact, increase substantially from FY 1972 to FY 1973. However, for the first time in many years our appropriation requests for investment increase by an even greater amount than for manpower, and there is good reason to hope that the bulk of the cost increase for manpower is now behind us. In addition, the President's new Economic Program is slowing the rate of inflation. These developments are of key significance in appraising the FY 1973 Budget, which lays the groundwork for a significant advance in modernizing our weapons.

Priorities

The accompanying table shows the shift in national priorities which has occurred over the past few years and indicates that an adequate defense effort imposes a smaller economic burden upon the nation than at any time during the past 20 years. Specifically, the Defense shares of GNP, of the Federal Budget, and of net public spending are the lowest since FY 1950—before the Korean War.

It is quite clear that the period has passed wherein expenditures for Defense related items dominate the budget. When one looks at the *increases* in non-Defense public spending and in manpower available for civilian pursuits — increases which are several times the Defense *totals*—it becomes clear that further Defense cutbacks can add relatively little to non-Defense needs. Consider that net public spending will be approaching $400 billion in FY 1973, with GNP at about $1.2 trillion—up some $200 billion in two years.

PERCENT OF BUDGET OUTLAYS FOR NATIONAL DEFENSE



DEFENSE SPENDING

	Defense spending as % of:		
	GNP	Federal Budget	Net public Spending (Federal, State & Local)
FY 1950 (pre-Korea)	4.5%	27.7%	18.7%
FY 1953 (Korea peak)	13.3%	62.1%	46.3%
FY 1964 (last peacetime year)	8.3%	41.8%	28.1%
FY 1968 (SEA peak)	9.4%	42.5%	29.1%
FY 1970	8.2%	38.4%	25.1%
FY 1971	7.5%	34.5%	22.3%
FY 1972	7.0%	31.0%	20.5%
FY 1973	6.4%	30.0%	19.4%

Note: Includes military and Civil Service personnel and Defense-related employment in U.S. industry.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.
Price 5 cents (single copy). Subscription Price: $2.50 per year; $2.00 additional for foreign mailing.
☆ U.S. GOVERNMENT PRINTING OFFICE: 483-786/V-45-46